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{ REPORT
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ECONOMIC DEVELOPMENT ADMINISTRATION REFORM ACT OF 1998

SEPTEMBER 14, 1998.—Ordered to be printed

Mr. CHAFEE, from the Committee on Environment and Public
Works, submitted the following

REPORT

[To accompany S. 2364]

[Including cost estimate of the Congressional Budget Office]

The Committee on Environment and Public Works, to which was referred the bill (S. 2364) to reauthorize and make reforms to programs authorized by the Public Works and Economic Development Act of 1965, having considered the same, reports favorably thereon and recommends that the bill do pass.

GENERAL STATEMENT

S. 2364 provides for the reauthorization and reform of the Economic Development Administration (EDA). The bill replaces the Public Works and Development Act of 1965 (PWEDA) with a new title that revises and updates the Act to better reflect EDA's mission and better target EDA resources to economically distressed communities.

BACKGROUND

EDA and its mission were created by Congress by the enactment of the Public Works and Economic Development Act of 1965. PWEDA established a framework amended several times since for Federal assistance for economic development efforts that, according to the congressional findings listed in PWEDA, were designed to “help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development,” and “en-

able such areas to help themselves achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economic and improved local conditions.”

To meet these objectives, the agency provides assistance to distressed States and localities through grants for public infrastructure, economic adjustment, planning, and technical assistance, all of which are intended to promote a transition to long-term employment and growth. The assistance is provided to communities on a cost-shared basis, with the Federal/non-Federal ratio varying according to program.

EDA programs are administered by the Assistant Secretary for Economic Development at the Department of Commerce via six regional offices (Atlanta, Austin, Chicago, Denver, Philadelphia, and Seattle) and additional field representatives. EDA also works with a network of economic development organizations and entities, including economic development districts, university centers, and trade adjustment assistance centers. The major EDA programs are as follows:

- *Public Works:* The public works program the largest at EDA focuses on infrastructure projects intended to help distressed communities support private sector investments. Eligible projects include: water and sewer facilities, access roads to industrial parks, port improvements, and business incubator facilities. Average fiscal year 1997 grant: \$886,031.
- *Economic Adjustment:* This program provides assistance to areas threatened by economic problems resulting from structural economic changes (such as natural disasters, military base closures, industrial layoffs, and long-term economic deterioration). Eligible projects include: development of adjustment strategies and creation of business development programs (such as revolving loan funds, organizational development, market research). Average fiscal year 1997 grant: \$1,260,026.
- *Planning:* EDA’s planning programs include both State and local assistance. For Economic Development Districts and Indian Tribes, grants for administrative expenses are provided to start economic development programs. Eligible activities include preparation of overall development strategies as well as implementation assistance. Average fiscal year 1997 grant: \$55,000 (district); \$44,000 (Indian). States and urban areas may receive grants to support development planning and build institutional capacity. Eligible activities include economic analysis, goal definition, and program formulation. Average fiscal year 1997 grant: \$69,000 (State); \$83,000 (urban).
- *Technical Assistance:* At the local level, EDA provides grants to solve specific development problems, respond to opportunities, and build local organizational capacity in distressed areas. Eligible activities include feasibility studies of projects or programs. Average fiscal year 1997 grant: \$27,000. At the national level, EDA awards grants to develop and disseminate information about economic development issues, and provide resources to intermediary organizations that give technical assistance to local, district, and State economic development organizations. Average fiscal year 1997 grant: \$120,000.

- *Trade Adjustment Assistance*: EDA also supports a network of twelve Trade Adjustment Assistance Centers that offer assistance to businesses injured by imports. This assistance is authorized under the Trade Act of 1974.

Funding for EDA programs last was authorized in 1982. Since then, the agency has operated without authorization, but continued to receive funding through the annual appropriations process. While EDA reauthorization legislation has been proposed in both houses in virtually every Congress since, no legislation has been enacted. Reauthorization has been stymied in large part as a result of longstanding debate over the role of the Federal government in local economic development, and the effectiveness and focus of EDA programs, with several unsuccessful efforts taking place in the Senate in the late 1970s and the 1980s to reduce or eliminate the agency.

In recent years, in response to congressional concerns, EDA officials have undertaken significant reforms of EDA procedures and programs. Through administrative actions, the agency itself has been streamlined, undergoing an agency-wide reorganization process that has resulted in the development of a comprehensive Strategic Plan, the implementation of program performance measures in accordance with the 1993 Government Performance and Results Act (GPRA), accelerated resolution of outstanding Inspector General audit issues, and the hiring of a Chief Financial Officer. The number of agency staff was reduced over the two-year period between 1995 and 1997 by nearly 30 percent (from 355 to 255), with the number of political appointees dropping by more than 60 percent (from 14 to 5). With regard to delivery of services, EDA has reduced its regulations by more than 60 percent, simplified the grant application process and begun moving toward an on-line applications process, implemented a team-based approach in delivery of services, and increased delegation of grant approval authority to regional offices. Finally, and importantly, EDA officials have worked to tighten current selection criteria to help ensure that assistance is directed to economically distressed areas.

EDA also has commissioned independent evaluations of its major grant programs and projects funded thereunder. In May 1997, a research team led by Rutgers University and including the New Jersey Institute of Technology, Columbia University, the National Association of Regional Councils, Princeton University, and the University of Cincinnati issued a final report on EDA's Public Works Program. The research team concluded that of the 205 projects receiving closeout payments in fiscal year 1990, 99 percent were completed, and 96 percent produced permanent jobs. According to the researchers, every \$1 million in EDA public works investment created or retained 327 jobs, and leveraged \$10.08 million in private sector investment. In November 1997, the same team produced a report on EDA's Defense Adjustment Program. For the 190 projects studied, every \$1 million in EDA defense adjustment infrastructure investment created or retained 124 jobs and leveraged \$2.2 million in private sector investment.

Other evaluations recently commissioned by EDA include a 1997 comprehensive study of business incubator investments by the University of Michigan, the National Business Incubation Association,

Ohio University, and the Southern Technology Council; a study by the State Science & Technology Institute on science and technology strategic planning; a 1998 Information Design Associates report on cluster-based economic development; and 1996 and 1998 evaluations by Aguirre International regarding EDA efforts in Hurricane Andrew and Midwest flood recovery, respectively. In addition, EDA officials have contracted for or proposed several other studies evaluating EDA performance and programs.

In response to the changes under way at EDA, Environment and Public Works Committee Chairman Chafee, with Ranking Member Baucus and Subcommittee on Transportation and Infrastructure Chairman Warner, on July 28, 1998, introduced the Economic Development Administration Reform Act (S. 2364), legislation to reform and reauthorize the EDA and its programs and operations. Joining them as original cosponsors of the bill were Senators Snowe, Kempthorne, Lieberman, Moynihan, Reid, Boxer, Lugar, Hollings, Collins, and Mikulski.

As reported, S. 2364 reauthorizes EDA for 5 years, with declining authorization levels that are consistent with the Administration's budget request; better targets EDA assistance to communities suffering high economic distress by eliminating or tightening the criteria for eligibility; requires 50/50 Federal/local cost-sharing, with limited exceptions, for all EDA grant programs; provides for increased evaluation of EDA programs and operations; locks in administrative reforms recently undertaken by the agency; and deletes virtually all of three titles of PWEDA (Title II, regarding loans and loan guarantees; Title VIII, regarding disaster assistance and Recovery Planning Councils; Title X, regarding short-term job opportunities project). A section-by-section analysis follows.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title; Table of Contents

This section provides that the Act may be cited as the "Economic Development Administration Reform Act of 1998," and provides a table of contents.

Section 2. Reauthorization of Public Works and Economic Development Act of 1965

Amends the 1965 Public Works and Economic Development Act (PWEDA), as follows:

Sec. 1. Short Title; Table of Contents

This section effectively replaces the existing PWEDA by providing that the changes made by this Act may be cited as the "Public Works and Economic Development Act of 1965." A table of contents is provided.

Sec. 2. Findings and Declarations

This section provides updated findings and declarations, with an emphasis on the inherently local nature of economic development and the need for improved local planning and coordination.

Sec. 3. Definitions

This section, which consolidates definitions now scattered throughout the existing Public Works and Economic Development Act of 1965, provides updated definitions for “comprehensive economic development strategy,” “Department,” “economic development district,” “eligible recipient,” “Federal agency,” “grant,” “Indian tribe,” “Secretary,” “State,” and “United States.”

TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS COOPERATION AND COORDINATION

Sec. 101. Establishment of Economic Development Partnerships

This section authorizes the Secretary of Commerce to cooperate with States and localities to ensure that Federal assistance is consistent with local economic objectives, provide technical assistance to States and localities where appropriate, promulgate regulations to ensure State and local review of projects with significant direct economic impact, and enter into cooperation agreements with two or more States.

Sec. 102. Cooperation of Federal Agencies

This section requires Federal departments and agencies to cooperate with the Secretary in carrying out the Act.

To ensure that Federal economic development assistance is effective, better coordination of Federal activities is needed. Toward that end, EDA should aggressively pursue efforts to increase the efficiency of the Federal response to distressed communities by working with other Federal agencies to coordinate and generally improve Federal activities. Where appropriate, EDA is to be considered the lead agency in these efforts. The Secretary is expected to issue a progress report on such coordination efforts to the Senate Environment and Public Works Committee by June 1, 1999.

Sec. 103. Coordination

This section requires the Secretary to coordinate activities relating to the comprehensive economic strategies with other Federal programs, States, economic development districts, and other appropriate planning and development organizations.

TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

Sec. 201. Grants for Public Works and Economic Development

This section allows the Secretary to make grants to eligible recipients for the acquisition or development of land and improvements for public works facilities, as well as acquisition, design, or construction of such facilities. Such grants may be made only if the Secretary determines that the project 1) will improve the opportunities for successful establishment or expansion of industrial or commercial facilities, help create long-term employment, or primarily benefit the long-term unemployed and low-income; 2) will fulfill a pressing need of the area; and 3) is located in an area for which there exists a comprehensive economic development strat-

egy. A State may not receive more than 15 percent of the amount of the total public works grants provided under this section.

This section permits two new uses design and engineering for public works and economic development grants. By allowing EDA grant monies to be used in conjunction with local funding for such work, this new authority is intended to promote identification of the most effective response to (and avoidance of possible miscalculations regarding) community economic development needs, and thus a decreased likelihood of project delays or cost overruns.

In implementing this section (as well as Section 209), the Secretary is expected to carefully scrutinize project applications to ensure that those projects selected for assistance are likely to provide clear long-term economic benefits to the community in question, and that such projects both fit within and contribute importantly to the implementation of the local comprehensive economic development strategy. Projects developed with Section 201 or other EDA grant program monies should not be those that will result only in short-term employment or economic gains or that are inconsistent with local development strategies.

Sec. 202. Base Closings and Realignment

This section allows the Secretary to provide assistance for projects carried out on military or Dept of Energy installations regardless of whether the recipient has title to the property.

The language of this section is virtually identical to that included in past appropriations bills that fund EDA activities. It is intended to allow meritorious economic development projects to be carried out on military bases that have been closed or are scheduled for closure, but whose title at the time of the project construction remains with the Federal government.

Sec. 203. Grants for Planning and Grants for Administrative Expenses

Pursuant to this section, the Secretary may make grants to eligible recipients for economic development planning and the administrative expenses of such planning. If the recipient in question also is receiving other Federal planning aid, that aid must be coordinated with the EDA assistance to ensure that the monies are used in an economical and effective manner that avoids overlap or waste.

Any State that applies for assistance under this section in developing a State economic development plan is required to develop that plan in conjunction with local governments and local economic development districts. To receive assistance, the State must have or develop a comprehensive economic development strategy that is consistent with local and district plans (or if inconsistent, that outlines the justification for such inconsistencies).

Economic development is inherently a local effort, and economic development initiatives undertaken without the active participation of the local community stand little chance of success. To increase the likelihood of success, grants provided under this section are intended to encourage local communities to begin (or continue) comprehensive planning efforts that aim to achieve steady economic development, and that work with or build upon regional economic de-

velopment initiatives. The greater the community investment in planning, the greater the likelihood of EDA assistance achieving solid results.

Sec. 204. Cost Sharing

This section limits the Federal share of all grants made under this title to 50 percent of the cost of a project, with the Secretary allowed to credit toward the non-Federal share cash and in-kind contributions.

Under current law, match rates for EDA assistance vary by program. Some programs such as the public works program require a 50 percent local match, while others such as the economic adjustment program routinely allow a local share of just 25 percent. To reflect the importance of local participation and investment in worthwhile economic development activities, this section establishes a basic 50/50 match for all grant assistance provided by EDA.

Sec. 205. Supplementary Grants

This section allows the Secretary to make supplementary grants for projects for which the recipient, as a result of economic hardship, cannot provide the matching share. Grants may be used by eligible recipients to meet the match requirements of EDA programs or of other Federal grant programs specifically designated by the Secretary that 1) deal with construction or equipping of public works or development facilities, and 2) aid projects that are eligible under this Act and are consistent with the area's comprehensive economic development strategy. The minimum local share for recipients in such circumstances is 20 percent; further reductions are authorized only for Indian tribes, for States and localities that have exhausted their taxing and borrowing capacity, and for nonprofit organizations that have exhausted their borrowing capacity.

The supplemental grant authority provided under this section is intended to address those situations of serious economic distress in which an eligible community clearly would be unable to participate in EDA programs absent the matching fund assistance. Likewise, with regard to the limited number of communities listed as eligible to qualify for a reduction in or waiver of the 20 percent minimum local share, such reductions or waivers are intended to apply only for those communities and Indian tribes whose economic situations are grave.

Sec. 206. Regulations on Relative Needs and Allocations.

This section requires the Secretary, in drafting regulations for EDA assistance, to take into account the relative needs of eligible areas based on relevant factors, among them 1) the severity of the rates, and duration, of unemployment; 2) the income levels and extent of underemployment; and 3) population outmigration and the extent to which it is causing economic injury.

Section 206 also directs the Secretary to prioritize allocations of EDA aid so as to ensure that the level of economic distress of an area and not a preference for a geographic area or for a specific type of distress is the primary factor in the allocation of funding. Past allocations of aid have resulted in urban areas receiving sub-

stantially less EDA assistance over the years than rural areas. The Secretary is expected to ensure that priorities for allocations are balanced fairly and assigned according to level of economic distress.

Sec. 207. Grants for Training, Research, and Technical Assistance.

Under this section, the Secretary is authorized to make grants for training, research, and technical assistance (including grants for program evaluation and economic impact analyses) that would be useful in preventing or alleviating conditions of excessive un- or underemployment. Activities that may qualify for assistance under this section include project planning, feasibility studies, demonstrations, management and operational assistance, the establishment of university or business outreach centers, and development potential evaluation studies.

This section provides EDA new statutory authority to provide grants for program evaluation and economic impact analysis. This change is important and reflects the shared interest of the Secretary and the Congress in encouraging credible evaluations of the impact and effectiveness of EDA assistance that may provide recommendations for the future scope and/or administration of EDA programs, and prevent wasteful or needless disbursement of taxpayer monies. As noted, recent independent evaluations of EDA have provided helpful feedback regarding EDA assistance.

Section 207 also permits the Secretary to reduce or waive the non-Federal share. The Secretary may exercise this authority only where a technical assistance project merits such action and would not otherwise be feasible.

Sec. 208. Prevention of Unfair Competition

This section retains the current law prohibition against use of EDA assistance for any projects that would increase production in an area for which there is insufficient demand to employ the efficient capacity of existing enterprises.

Sec. 209. Grants for Economic Adjustment

Section 209 authorizes the Secretary to make economic adjustment grants to alleviate long-term economic deterioration and sudden and severe economic dislocation and to further the economic adjustment objectives of the Act; these grants may be redistributed, but not as grants to private for-profit entities. Projects assisted under this section may include the development of public facilities, public services, and business development (including the establishment of revolving loan funds). [With regard to revolving loan funds (RLFs), the Secretary is expected to review RLF financial management and reporting requirements to ensure that RLFs established with funds provided under this section are operated effectively and achieve their stated goals.]

To qualify for funds under this section, projects must be located in an area that has a comprehensive economic development strategy, and must help meet a special need arising from 1) actual or threatened severe unemployment, or 2) economic adjustment problems resulting from severe changes in economic conditions. Among the communities that may be assisted by economic adjustment

grants are those whose economies have been injured by military base closures, disasters, or international trade; however, communities suffering economic injury as a result of other severe changes in economic conditions such as population outmigration also may qualify.

Sec. 210. Changed Project Circumstances

Section 210 permits the Secretary to approve the use of grant funds for a project whose scope or purpose has been modified, as long as the modified project is consistent with the comprehensive economic development strategy submitted as part of the project's original grant application, and the modifications are necessary to enhance economic development in the project area. The authority granted under this section is intended to allow modifications to a project that is underway but has come up against an unanticipated problem, as long as the modifications continue to fulfill the goals of the original application and will enhance the area's economic development. This section is not intended to authorize the continuation of grants to projects that for all intents and purposes constitute new projects and should be resubmitted to EDA for approval.

Sec. 211. Use of Funds in Projects Constructed Under Project Cost

This section allows the Secretary, with respect to grants made for construction projects under the Act, to approve the use of any excess funds resulting from cost decreases for improvements to that project, with all remaining funds returned to the general fund of the Treasury.

In implementing this section, the Secretary is expected to ensure that grantees have demonstrated and documented to his satisfaction that a proposed improvement would expand the benefits to be provided by the project, make the project more efficient, or better serve the need for which the project was designed. For example, eligible improvements may be based upon inclusion of innovative techniques that were not available at the time of application, or consist of elements of the original application that were not funded solely due to insufficiency of grant funds. Funding in excess of the amount required for approved improvements are to be returned to the Treasury.

Sec. 212. Reports by Recipient

This section requires all recipients of assistance to submit regular reports to the Secretary on the effectiveness of the assistance in meeting the need it was designed to address. The Secretary is authorized to request such reports at such intervals he determines are appropriate, for up to 10 years after the closeout of the award.

As noted, regular evaluation of EDA-assisted programs and projects can serve as important tools for the agency and Congress in their efforts to ensure that EDA programs are targeted and effective, and do not waste taxpayer funds.

Sec. 213. Prohibition on Use of Funds For Attorney's and Consultant's Fees

This section prohibits the use of EDA assistance for any attorney or consultant fees incurred in obtaining grants or contracts under this title. The language of this section is virtually identical to that included in past appropriations bills that fund EDA activities. It is intended to ensure that no taxpayer monies are spent on fees charged by attorneys or consultants hired to aid applicants obtain EDA assistance.

TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

Sec. 301. Eligibility of Areas

Section 301 provides the basic eligibility requirements for economically distressed areas. This section limits eligibility for public works (Sec. 201) or economic adjustment (Sec. 209) assistance to those areas that have 1) a per capita income of 80 percent or less of the national average; 2) an unemployment rate that for the most recent 24 months has been at least one percent greater than the national average; or 3) experienced or is about to experience a special need arising from actual or threatened severe unemployment or economic adjustment problems resulting from severe short- or long-term changes in economic conditions.

This section is intended to ensure that EDA assistance and resources are targeted only to those communities that are suffering serious economic distress, rather than those experiencing a minor economic downturn for which there exist sufficient community resources to address and remedy the situation. Current law now provides nine separate eligibility criteria by which areas may qualify for EDA aid. This section eliminates most of these vague or overly broad criteria, including the criterion for the Public Works Incentive Program (PWIP) (whose mandate for projects providing “immediate useful work” does not correspond with EDA’s mission of promoting long-term economic growth). The remainder are consolidated into three criteria that will ensure that EDA assistance is targeted to truly distressed communities. Toward that end, the Secretary is directed to promulgate regulations that will fulfill this goal.

As listed above, the first two criteria provide clear thresholds for aid, while the third allows the necessary flexibility to address other situations of serious distress that, for a number of reasons, may not meet the first two requirements but that clearly would be considered by the Secretary and Congress as deserving of assistance. Among the latter situations are those involving communities affected by major, discrete events such as military base closures or presidentially-declared disasters or emergencies. Others may include those involving communities experiencing important but gradual long-term changes in economic conditions that in turn result in economic distress. One clear example of such a gradual change is population outmigration, which in many rural and urban communities often can cause serious economic problems that merit EDA assistance.

In implementing this section, the Secretary need not define the applicant's area as consisting of the entire community; as noted by Section 209, smaller areas of poverty within a larger community in less economic distress may be considered for eligibility for public works or economic adjustment assistance.

Section 209 also eliminates all "redevelopment area" designations made before the effective date of this Act. Currently, under PWEDA, a community designated as a redevelopment area is considered eligible for EDA assistance; moreover, PWEDA specifically mandates that all redevelopment area designations, once made, remain in existence, regardless of any changes in economic condition. As a result, approximately 80 percent of the nation's population live in areas that technically would qualify for EDA assistance, although agency funding practices limit the assistance to areas of greatest distress. Under this section, this would no longer be the case, and eligibility would be approved or rejected based on current economic factors.

Sec. 302. Comprehensive Economic Development Strategy

This section requires that applicants for public works (Sec. 201) or economic adjustment (Sec. 209) assistance submit with their applications for assistance 1) an identification of the economic development problems to be addressed; 2) an identification of past, present, and project future economic development investments for the area and sources of funding for such investments; and 3) a comprehensive economic development strategy for addressing the problems identified in a sound manner and a description of how the strategy will solve those problems. For purposes of this section, the Secretary may accept as a comprehensive economic development plan a satisfactory plan developed under another federally-supported program.

The comprehensive strategy required by this section is intended to serve as the foundation for the major EDA-assisted economic development activities. It ensures that EDA contributions to local economic development projects go forward only after the local community has developed a clear and carefully considered strategy for alleviating economic distress and promoting economic growth.

TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

Sec. 401. Designation of Economic Development Districts

This section permits the Secretary to designate Economic Development Districts (EDDs) to promote economic development on a broader geographic basis. EDDs must be of sufficient size to foster economic development on a larger scale, contain at least one area described in Section 301, and have a comprehensive economic development strategy that has been approved by each State involved and the Secretary. EDDs can help foster local economic development efforts by promoting regional cooperation in the pursuit of common economic goals.

Section 401 does not provide further authority for the designation of "Economic Development Centers," a term that no longer is relevant or necessary under the structure of this Act.

Sec. 402. Termination or Modification of Economic Development Districts

This section directs the Secretary to promulgate standards for the termination or modification of the designation of EDDs.

Sec. 403. Incentives

Section 403 authorizes the Secretary to provide an increase of up to 10 percent of the cost of a project within an EDD if the applicant is actively participating in EDD activities and the project is consistent with the EDD's comprehensive economic development strategy, as long as the increase does not cause the non-Federal share of the cost of the project to be less than 20 percent.

Incentives can help encourage greater community participation and coordination, increasing the likelihood of a successful project for the benefit of the community. While an increase of 10 percent is permitted as an incentive, the Secretary is not required or expected to provide the full 10 percent increase in every case; the Secretary should do so only in those cases where the level of participation clearly warrants such action.

Section 403 also requires the Secretary to review the existing incentive system to ensure it is administered in the most direct and effective manner possible. The current system appears to be needlessly complicated and may require revision.

Sec. 404. Provision of Comprehensive Economic Development Strategies to Appalachian Regional Commission

This section directs each EDD in the Appalachian region to provide a copy of its comprehensive economic development strategy to the Appalachian Regional Commission to promote coordination of regional economic development activities.

Sec. 405. Assistance to Parts of Economic Development Districts Not in Eligible Areas

Section 405 allows the Secretary to provide assistance to projects in areas in EDDs that are not eligible areas as defined in Sec. 301, as long as the project would be of substantial direct benefit to that area.

This authority is provided to allow the Secretary to maximize potential for economic growth in an eligible area in the rare circumstances where that goal is best achieved by assisting a project outside the area. For example, an industrial park project near a severely distressed neighborhood may provide long-term employment opportunities to the members of that neighborhood.

TITLE V—ADMINISTRATION

Sec. 501. Assistant Secretary for Economic Development

This section directs the Secretary to carry out this Act through an Assistant Secretary for Economic Development, who is to be appointed by the President and confirmed by the Senate.

Sec. 502. Economic Development Information Clearinghouse

This section directs the Secretary to serve as a central information clearinghouse on the economic development, economic adjust-

ment, disaster, defense conversion, and trade adjustment activities of the Federal, State, and local governments; help applicants locate and apply for such programs; and help persons, businesses, and communities in eligible areas receive technical information on how to alleviate unemployment.

Section 502 is intended to provide distressed communities with one source for information regarding Federal, and to the extent possible, State and local assistance for a variety of situations.

Sec. 503. Consultation with Other Persons and Agencies

Section 503 allows the Secretary to consult with persons including representatives of labor, management, agriculture, and government who are able to assist in addressing the problems of area and regional unemployment and underemployment.

Sec. 504. Administration, Operation, and Maintenance

This section continues current law by prohibiting the approval of any assistance unless the Secretary is satisfied that the project receiving aid will be properly and efficiently administered, operated, and maintained.

Sec. 505. Businesses Desiring Federal Contracts

This section permits the Secretary to provide other Federal agencies with a list of names of businesses located in eligible areas that wish to obtain Federal contracts for supplies and services.

Sec. 506. Review of University Centers

Section 506 requires the Secretary to conduct periodic reviews of university centers receiving EDA assistance to determine whether they merit continued assistance, and to allow qualified universities not receiving assistance the opportunity to do so. Reviews, which are to occur at least once every 3 years, must assess each center's performance regarding the retention and creation of employment. Toward that end, the Secretary is directed to establish criteria including the center's contribution to technical assistance or applied research, and its dissemination of the results of its work for use in conducting reviews.

This section is intended to ensure that EDA funds are being used wisely and effectively. In addition, it is meant to allow qualified universities that now are not participating as a university center a fair opportunity to contribute to economic development research.

TITLE VI—MISCELLANEOUS

Sec. 601. Powers of the Secretary

Section 601 authorizes the Secretary to carry out a number of standard duties, including using a seal, appointing compensation, holding hearings and taking testimony, requesting information from other agencies, pursuing claims against third parties, employing experts, establishing performance measures, and conducting environmental reviews. This section also extends the Secretary's current authority to protect property interests acquired through loans to property interests arising from grants, and allows the re-

lease of those property interests 20 years after the original grant is awarded.

Sec. 602. Maintenance of Standards

Section 602 continues current law requirements for wage payments made under this Act.

Sec. 603. Annual Report to Congress

This section requires the Secretary, no later than July 1, 2000, and every July 1 thereafter, to submit a comprehensive and detailed annual report on EDA activities under this Act during the previous fiscal year.

Sec. 604. Delegation of Functions and Transfer of Funds Among Federal Agencies

Section 604 permits Secretary to delegate functions to other agencies, where appropriate, and transfer funds to and accept funds from other agencies for authorized purposes.

Sec. 605: Penalties

This section establishes penalties for making false statements or committing embezzlement or fraud.

Sec. 606. Employment of Expeditors and Administrative Employees

This section requires businesses receiving assistance under this Act to certify the names of and fees paid to persons helping to expedite applications, and agree to refrain for 2 years from employing former Department of Commerce employees who had discretion over granting assistance.

Sec. 607. Maintenance and Public Inspection of List of Approved Applications for Financial Assistance

Section 607 requires the Secretary to maintain a list of approved applications, and make the list available for public inspection.

Sec. 608. Records and Audits

This section requires recipients to keep records on the amount and disposition of the assistance, the total cost of the project, the amount and portion of the project's cost provided by other sources, and other records that allow for an effective audit. In addition, this section provides access to the records for the Secretary, the Comptroller General of the United States, and, for the first time, the Inspector General of the Department of Commerce. This provision is intended to help ensure that EDA resources are spent in accordance with law and in a manner that aids effective economic development in distressed communities.

Sec. 609. Relationship to Assistance Under Other Law

Section 609 clarifies that assistance authorized under this Act is in addition to any assistance authorized before the Act's effective date.

Sec. 610. Acceptance of Certifications by Applicants

This section allows the Secretary to accept certifications from applicants that they meet the Act's requirements.

TITLE VII—FUNDING

Sec. 701. General Authorization of Appropriations

Section 701 provides an authorization level of \$397,969,000 for fiscal year 1999, \$338,379,000 for fiscal year 2000, \$306,000,000 for fiscal year 2001, \$277,000,000 for fiscal year 2002, and \$277,000,000 for fiscal year 2003. These amounts reflect the levels requested by the Administration for the next 5 fiscal years.

Sec. 702. Authorization of Appropriations for Defense Conversion Activities

This section provides authorization for additional funds, in the amount of such sums as are necessary, for defense conversion activities (including pilot projects relating to privatization or development of closed or realigned military or Department of Energy installations).

It is expected that this authorization will apply to funds provided through the supplemental appropriations process for specific closures or realignments. While the authorization is not limited, in requesting funds for this purpose, the Secretary is expected to estimate to the best of his ability the level of funding required to fit the need at hand.

Sec. 703. Authorization of Appropriations for Disaster Economic Recovery Activities

This section provides authorization for additional funds, in the amount of such sums as are necessary, for economic recovery activities after a presidentially declared disaster or emergency. The Secretary is given discretion to reduce or waive the non-Federal share for such assistance in cases where he deems such a reduction or waiver to be warranted.

It is expected that this authorization will apply to funds provided through the supplemental appropriations process for specific disasters. As with the case of base closures, while this authorization is not limited, in requesting funds for this purpose, the Secretary is expected to estimate to the best of his ability the level of funding required to fit the need at hand.

Section 3. Conforming Amendment

This section strikes an obsolete and never-used provision in current law regarding the position of Administrator of Economic Development.

Section 4. Transition Provisions

Section 4 provides for a variety of provisions on existing rights, continuation of suits, liquidating accounts.

Section 5. Effective Date

This section provides that this Act and the amendments made by this Act shall go into effect no later than 90 days after the date of enactment.

HEARINGS

On July 14, 1998, the Subcommittee on Transportation and Infrastructure of the Senate Committee on Environment and Public Works held a hearing on the Economic Development Administration and on the Economic Development Partnership Act (S. 1647), transmitted to Congress by Secretary of Commerce William M. Daley and introduced by Ranking Minority Member Baucus.

Testifying at the hearing were Secretary Daley and Assistant Secretary for Economic Development Phillip A. Singerman; Dr. Robert Burchell of the Center for Urban Policy Research of Rutgers University; Mr. Dewitt John of the Center for Economy and the Environment of the National Academy of Public Administration; Pulaski County, Arkansas, Judge/Executive Floyd Villines on behalf of the Coalition for Economic Development; and Mr. Eric Thompson on behalf of the National Association of Development Organizations and the Lower Savannah Council of Governments.

ROLLCALL VOTES

Section 7(b) of rule XXVI of the Standing Rules of the Senate and the rules of the Committee on Environment and Public Works require that any rollcall votes taken during consideration of legislation be noted in the report.

On July 29, 1998, S. 2364 was considered by the full committee, and approved by voice vote. No amendments to the bill were offered. No rollcall votes occurred in relation to the bill.

EVALUATION OF REGULATORY IMPACT

Section 11(b) of rule XXVI of the Standing Rules of the Senate requires publication in the report of the committee's estimate of the regulatory impact of the bill as reported. S. 2364, as reported, is expected to impose no new regulatory impact. This bill will not affect the personal privacy of individuals.

MANDATES ASSESSMENT

In compliance with the Unfunded Mandates Reform Act of 1995 (P.L. 104-4), the committee makes the following evaluation of the Federal mandates contained in the reported bill. S. 2364, as reported, imposes no Federal intergovernmental mandates on State, local, or tribal governments.

COST OF LEGISLATION

Section 403 of the Congressional Budget and Impoundment Control Act requires that a statement of the cost of the reported bill, prepared by the Congressional Budget Office, be included in the report. That statement follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 13, 1998.

Hon. JOHN H. CHAFEE, *Chairman,*
Committee on Environment and Public Works,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2364, the Economic Development Administration Reform Act of 1998.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Gary Brown (for Federal costs), who can be reached at 226-2860, and Lisa Cash Driskill (for the State and local impact), who can be reached at 225-3220.

Sincerely,

JUNE E. O'NEILL,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 2364, Economic Development Administration Reform Act of 1998, as ordered reported by the Senate Committee on Environment and Public Works on July 29, 1998.

Summary

S. 2364 would reauthorize and modify programs administered by the Economic Development Administration (EDA). For these purposes, it would authorize the appropriation of \$448 million in 1999 and \$1.8 billion over the 1999-2003 period. CBO estimates that \$1.1 billion of these amounts would be spent over the next 5 years, assuming appropriation of the authorized sums.

The bill also would allow EDA to expend certain funds that, under current law, would not be spent. CBO estimates that such authority would result in direct spending of \$10 million over fiscal years 1999 through 2002 (with no effect in fiscal year 2003). Because S. 2364 would affect direct spending, pay-as-you-go procedures would apply.

The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on State, local, or tribal governments.

Estimated cost to the Federal Government

The estimated budgetary impact of S. 2364 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

By Fiscal Year, in Millions of Dollars

	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
EDA Spending Under Current Law.						
Budget Authority ¹	351	0	0	0	0	0
Estimated Outlays	419	351	259	178	76	10
Proposed Changes.						
Estimated Authorization Level	0	448	388	356	327	327
Estimated Outlays	0	52	139	214	307	362
EDA Spending Under S. 2364.						
Estimated Authorization Level ¹	351	448	388	356	327	327
Estimated Outlays	419	403	398	392	383	372
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	1	3	3	3	0

¹ The 1998 level is the amount appropriated for that year for the programs that would be reauthorized by S. 2364.*Basis of estimate*

For purposes of this estimate, CBO assumes that S. 2364 will be enacted by the beginning of fiscal year 1999 and that all amounts authorized or estimated to be authorized by the bill will be appropriated for each year. Estimated outlays are based on historical rates of spending for EDA programs.

Spending Subject to Appropriation

S. 2364 would authorize the appropriation of \$398 million in 1999, \$338 million in 2000, \$306 million in 2001, and \$277 million in each of fiscal years 2002 and 2003 for EDA's administrative costs and economic development program. (The bill would not authorize funding for EDA's Trade Adjustment Assistance program.)

The bill also would authorize such sums as necessary for assisting communities affected by natural disasters and the downsizing of the Department of Defense and Department of Energy. Based on annual appropriations to EDA for disaster-related activities over the past 5 years, CBO estimates that additional funding for disaster assistance would average about \$50 million per year over the 1999–2003 period. Based on information provided by EDA, CBO estimates that additional funding would probably not be necessary to deal with the consequences of Federal downsizing unless the Congress enacts legislation requiring additional closings or reductions.

Direct Spending

Expiring Funds. S. 2364 would allow recipients of EDA grants, under certain conditions, to use funds that, under current law, would not be spent because the scope or purpose of the project that they were originally provided for has changed or the cost of the project was lower than anticipated. As is the case under current law, EDA's authority to spend funds would continue to expire 5 years after the date on which such funds are obligated. CBO estimates that, under current law, about \$10 million of previously appropriated funding will lapse each year over the 1999–2002 period. From those amounts, CBO estimates that, under S. 2364, about \$1 million in additional outlays would occur in 1999 and about \$3 mil-

lion in additional outlays would occur for each of fiscal years 2000 through 2002.

Expanded Use of EDA Liquidating Account. Enacting S. 2364 also would affect direct spending because the bill would authorize EDA to use loan repayments to pay expenses associated with seizing, protecting, or conveying assets. For example, under the bill, loan proceeds would be available for taking over property that was acquired with an EDA grant but is now being used for purposes that are inconsistent with the terms of the original grant. Once the property was acquired, the funds also could be used to pay the costs of transferring the land to nonfederal ownership (for example, the costs of conducting environmental impact statements). CBO expects that this authority would allow EDA to acquire or convey additional assets and that, on average, the proceeds that would result from conveying these assets would offset any increases in spending, resulting in no significant net change in direct spending for each year.

Pay-as-you-go Considerations

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding 4 years are counted.

By Fiscal Year, in Millions of Dollars											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	0	1	3	3	3	0	0	0	0	0	0
Changes in receipts ¹ .											

¹Not applicable

Estimated impact on State, local, and tribal governments

S. 2364 contains no intergovernmental mandates as defined in UMRA and would impose no costs on State, local, or tribal governments. The bill would reauthorize the Economic Development Administration, with most of the money going to grants for public infrastructure and economic development activities. The bill would tighten the eligibility criteria for grant funding and generally drop the maximum Federal match from 80 percent to 50 percent, changes that would codify the current practices of the program. Finally, the bill would, under certain circumstances, expand the possible uses of grant funds provided for specific projects.

Estimated impact on the private sector

The bill would impose no new private-sector mandates as defined in UMRA.

Previous CBO estimate

On August 6, 1998, CBO provided an estimate for H.R. 4275, the Economic Development Partnership Act of 1998, as ordered re-

ported by the House Committee on Transportation and Infrastructure on July 23, 1998. Unlike S. 2364, H.R. 4275 would reauthorize and modify programs administered by the Appalachian Regional Commission, in addition to those of EDA. It would authorize the appropriation of \$2.4 billion for these purposes over the 1999–2003 period, of which \$2 billion would be for EDA.

Estimate prepared by: Federal Costs: Gary Brown (226–2860); Impact on State, Local, and Tribal Governments: Lisa Cash Driskill (225–3220).

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis

CHANGES IN EXISTING LAW

In compliance with section 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows: Existing law proposed to be omitted is enclosed in [black brackets], new matter is printed in *italic*, existing law in which no change is proposed is shown in roman:

Public Law 89–136

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

[As Amended Through P.L. 104–89, January 4, 1996]

AN ACT To provide grants for public works and development facilities, other financial assistance and the planning and coordination needed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the “Public Works and Economic Development Act of 1965”.

STATEMENT OF PURPOSE

SEC. 2. [42 U.S.C. 3121] The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our regions, counties, and communities are suffering substantial and persistent unemployment cause hardship to many individuals and their families, and waste invaluable human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development; that Federal financial assistance, including grants for public works and development facilities to communities, industries, enterprises, and individuals in areas needing development should enable such areas to help themselves achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local conditions, provided that such assistance is preceded by and consistent with sound, long-range eco-

nomic planning; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather than by merely transferring jobs from one area of the United States to another. Congress further declares that, in furtherance of maintaining the national economy at a high level, the assistance authorized by this Act should be made available to both rural and urban areas; that such assistance be available for planning for economic development prior to the actual occurrences of economic distress in order to avoid such condition; and that such assistance be used for long-term economic rehabilitation in areas where long-term economic deterioration has occurred or is taking place.

【TITLE I—GRANTS FOR PUBLIC WORKS AND DEVELOPMENT FACILITIES

【SEC. 101. [42 U.S.C. 3131] (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary of Commerce (hereinafter referred to as the Secretary) is authorized—

【(1) to make direct grants for the acquisition or development of land and improvements for public works, public service, or development facility usage, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

【(A) the project for which financial assistance is sought will directly or indirectly (i) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities, (ii) otherwise assist in the creation of additional long-term employment opportunities for such area, or (iii) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

【(B) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located;

【(C) the area for which a project is to be undertaken has an approved overall economic development program as provided in section 202(b)(10) and such project is consistent with such program; and

【(D) in the case of a redevelopment area so designated under section 401(a)(6), the project to be undertaken will provide immediate useful work to unemployed and underemployed persons in that area.

【(2) to make supplementary grants in order to enable the States and other entities within redevelopment areas to take maximum advantage of designated Federal grant-in-aid programs (as hereinafter defined), direct grants-in-aid authorized under this section, and Federal grant-in-aid programs authorized by the Watershed Protection and Flood Prevention Act (68

Stat. 666, as amended), and the eleven watersheds authorized by the Flood Control Act of December 22, 1944, as amended and supplemented (58 Stat. 887), for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share.

[(b) Subject to subsection (c) hereof, the amount of any direct grant under this section for any project shall not exceed 50 per centum of the cost of such project.

[(c) The amount of any supplementary grant under this section for any project shall not exceed the applicable percentage established by regulations promulgated by the Secretary, but in no event shall the non-Federal share of the aggregate cost of any such project (including assumptions of debt) be less than 20 per centum of such cost, except that in the case of a grant to an Indian tribe, the Secretary may reduce the non-Federal share below such per centum or may waive the non-Federal share. In the case of any State or political subdivision thereof which the Secretary determines has exhausted its effective taxing and borrowing capacity, the Secretary shall reduce the non-Federal share below such per centum or shall waive the non-Federal share in the case of such a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act. In case of any community development corporation which the Secretary determines has exhausted its effective borrowing capacity, the Secretary may reduce the non-Federal share below such per centum or waive the non-Federal share in the case of such a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act. Supplementary grants shall be made by the Secretary, in accordance with such regulations as he shall prescribe, by increasing the amounts of direct grants authorized under this section or by the payment of funds appropriated under this Act to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of the applicable Federal programs. Notwithstanding any requirement as to the amount or sources of non-Federal funds that may otherwise be applicable to the Federal program involved, funds provided under this subsection shall be used for the sole purpose of increasing the Federal contribution to specific projects in redevelopment areas under such programs above the fixed maximum portion of the cost of such project otherwise authorized by the applicable law. The term "designated Federal grant-in-aid programs," as used in this subsection, means such existing or future Federal grant-in-aid programs assisting in the construction or equipping of facilities as the Secretary may, in furtherance of the purposes of this Act, designate as eligible for allocation of funds under this section. In determining the amount of any supplementary grant available to any project under this section, the Secretary shall take into consideration the relative needs of the area, the nature of the projects to be assisted, and the amount of such fair user charges or other revenues as the project may reasonably be expected to generate in excess of those which would amortize the local share of initial costs and provide for its successful operation and maintenance (including depreciation).

[(d) The Secretary shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate

consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the Secretary shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

[(f) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

[SEC. 102. [42 U.S.C. 3132] For each of the fiscal years ending June 30, 1975, June 30, 1976, September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982, not to exceed \$30,000,000 of the funds authorized to be appropriated under section 105 of this Act for each such fiscal year, and for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed \$7,500,000 of the funds authorized to be appropriated under such section 105 for such period, shall be available for grants for operation of any health project funded under this title after the date of enactment of this section. Such grants may be made up to 100 per centum of the estimated cost of the first year of operation, and up to 100 per centum of the deficit in funds available for operation of the facility during the second fiscal year of operation. No grant shall be made for the second fiscal year of operation of any facility unless the agency operating such facility has adopted a plan satisfactory to the Secretary of Health, Education, and Welfare, providing for the funding of operations on a permanent basis. Any grant under this section shall be made upon the condition that the operation of the facility will be conducted under efficient management practices designed to obviate operating deficits, as determined by the Secretary of Health, Education, and Welfare.

[SEC. 103. [42 U.S.C. 3133] Not more than 15 per centum of the appropriations made pursuant to this title may be expended in any one State.

[SEC. 105. [42 U.S.C. 3135] There is hereby authorized to be appropriated to carry out this title not to exceed \$500,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through fiscal year ending June 30, 1971, not to exceed \$800,000,000 per fiscal year for the fiscal years ending June 30, 1972, and June 30, 1973, not to exceed \$200,000,000 for the fiscal year ending June 30, 1974, and not to exceed \$200,000,000 for the fiscal year ending June 30, 1975, and not to exceed \$250,000,000 for the fiscal year ending June 30, 1976, not to exceed \$62,500,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$425,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed \$150,000,000 for the fiscal year ending September 30, 1982. Any amounts authorized for the fiscal year ending June 30, 1972, under this section but not appropriated may be appropriated for the fiscal year ending June 30, 1973. Not less than 25 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1972, June 30, 1973, and June 30, 1974,

and not less than 15 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1975 and June 30, 1976, the period beginning July 1, 1976, and ending September 30, 1976, and the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982, under authority of the preceding sentences shall be expended in redevelopment areas designated as such under section 401(a)(6) of this Act.

【FINANCIAL ASSISTANCE FOR SEWER FACILITIES

【SEC. 106. [42 U.S.C. 3136] No financial assistance, through grants, loans, guarantees, or otherwise, shall be made under this Act to be used directly or indirectly for sewer or other waste disposal facilities unless the Secretary of Health, Education, and Welfare certifies to the Secretary that any waste material carried by such facilities will be adequately treated before it is discharged into any Public waterway so as to meet applicable Federal, State, interstate, or local water quality standards.

【CONSTRUCTION COST INCREASES

【SEC. 107. [42 U.S.C. 3137] In any case where a grant (including a supplemental grant) has been made under this title for a project and after such grant has been made but before completion of the project, the cost of such project based upon the designs and specifications which were the basis of the grant has been increased because of increases in costs, the amount of such grant may be increased by an amount equal to the percentage increase, as determined by the Secretary, in such costs, but in no event shall the percentage of the Federal share of such project exceed that originally provided for in such grant.

【TITLE II—OTHER FINANCIAL ASSISTANCE

【PUBLIC WORKS AND DEVELOPMENT FACILITY LOANS

【SEC. 201. [42 U.S.C. 3141] (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to purchase evidence of indebtedness and to make loans to assist in financing the purchase or development of land and improvements for public works, public service, or development facility usage, including public works, public service, or development facility usage, to be provided by agencies of the Federal Government pursuant to legislation requiring that non-Federal entities bear some part of the cost thereof, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

【(1) the project for which financial assistance sought will directly or indirectly—

【(A) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities,

[(B) otherwise assist in the creation of additional long-term employment opportunities for such area, or

[(C) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

[(2) the funds requested for such project are not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project;

[(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

[(4) there is a reasonable expectation of repayment; and

[(5) such area has an approved overall economic development program as provided in section 202(b)(10) and the project for which financial assistance is sought is consistent with such program.

[(b) Subject to section 710(5), no loan, including renewals or extensions thereof, shall be made under this section for a period exceeding forty years, and no evidence of indebtedness maturing more than forty years from the date of purchase shall be purchased under this section. Such loans shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less not exceed one-half of 1 per centum per annum.

[(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202, except that annual appropriations for the purposes of purchasing evidence of indebtedness, paying interest supplement to or on behalf of private entities making and participating in loans, and guaranteeing loans, shall not exceed \$170,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed \$55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed \$75,000,000 for the fiscal years ending June 30, 1975, and June 30, 1976, and shall not exceed \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and shall not exceed \$200,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed \$46,500,000 for the fiscal year ending September 30, 1982.

[(e) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

【LOANS AND GUARANTEES

【SEC. 202. [42 U.S.C. 3142] (a)(1) The Secretary is authorized to aid in financing, within a redevelopment area, the purchase or development of land and facilities (including machinery and equip-

ment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings by (A) purchasing evidences of indebtedness, (B) making loans (which for purposes of this section shall include participation in loans), (C) guaranteeing loans made to private borrowers by private lending institutions, for any of the purposes referred to in this paragraph upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

[(2) In addition to any other financial assistance under this title, the Secretary is authorized, in the case of any loan guarantee under authority of paragraph (1) of this section, to pay to or on behalf of the private borrower an amount sufficient to reduce up to 4 percentage points the interest paid by such borrower on such guaranteed loans. No payment under this paragraph shall result in the interest rate being paid by a borrower on such a guaranteed loan being less than the rate of interest for such a loan if it were made under section 201 of this Act. Payment made to or on behalf of such borrower shall be made no less often than annually.

[(3) The Secretary is authorized to aid in financing any industrial or commercial activity within a redevelopment area by (A) making working capital loans, (B) guaranteeing working capital loans made to private borrowers by private lending institutions upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan, (C) guaranteeing rental payment of leases for buildings and equipment, except that no such guarantee shall exceed 90 per centum of the remaining rental payments required by the lease, (D) paying those debts with respect to which a lien against property has been legally obtained (including the refinancing of any such debt) in any case where the Secretary determines that it is essential to do so in order to save employment in a designated area, to avoid a significant rise in unemployment, or to create new or increased employment.

[(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

[(1) Such financial assistance shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts theretofore customarily performed by them: *Provided, however,* That such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the ex-

isting business entity in the area of its original location or in any other area where it conducts such operations.

[(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

[(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is or will be located.

[(4) No loan or guarantee shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project.

[(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

[(6) No evidence of indebtedness shall be purchased and no loans shall be made or guaranteed unless it is determined that there is reasonable assurance of repayment.

[(7) Subject to section 701(5) of this Act, no loan or guarantee, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

[(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus additional charge, if any, toward covering other costs of the program as the Secretary may determine to be consistent with its purpose.

[(9) Loan assistance (other than for a working capital loan) shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

[(A) other funds are available in an amount which together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

[(B) not less than 15 per centum of such aggregate cost be supplied as equity capital or as a loan repayable in no shorter

period of time and at no faster an amortization rate than the Federal financial assistance extended under this section is being repaid, and if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance: *Provided, however, That*, except in projects involving financial participation by Indian tribes, not less than 5 per centum of such aggregate cost shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, unless the Secretary shall determine in accordance with the objective standards promulgated by regulation that all or part of such funds are not reasonably available to the project because of the economic distress of the area or for other good cause, in which case he may waive the requirement of this provision to the extent of such unavailability, and allow the funds required by this subsection to be supplied by the applicant or by such other non-Federal source as may reasonably be available to the project;

[(C) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraph (B), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

[(10) No such assistance shall be extended unless there shall be submitted to and approval of the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided, That* nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located, nor prevent the Secretary from requiring such periodic revisions of previously approved overall economic development programs as he may deem appropriate.

[ECONOMIC DEVELOPMENT FUNDS

[SEC. 203. [42 U.S.C. 3143] Funds obtained by the Secretary under section 201; loan funds obtained under section 403, and collections and repayments received under this Act, shall be deposited in an economic development revolving fund (hereunder referred to as the "fund"), which is hereby established in the Treasury of the United States, and which shall be available to the Secretary for the purpose of extending financial assistance under sections 201, 202, and 403, and for the payment of all obligations and expenditures arising in connection therewith. There shall also be credited to the fund such funds as have been paid into the area development fund or may be received from obligations outstanding under the Area Redevelopment Act. The fund shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the amount of loans outstanding under this Act computed in such

manner and at such rate as may be determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, during the month of September preceding the fiscal year in which the loans were made.

REDEVELOPMENT AREA LOAN PROGRAM

【SEC. 204. [42 U.S.C. 3144] (a) If a redevelopment area prepares a plan for the redevelopment of the area or a part thereof and submits such plan to the Secretary for his approval and the Secretary approves such plan, the Secretary is authorized to make an interest free loan to such area for the purpose of carrying out such plan. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and renovation of usable empty factory buildings for industrial and commercial use, and other investments which will accelerate recycling of land and facilities for job creating economic activity. Any such interest free loan shall be made on condition (1) that the area will use such interest free loan to makes loans to carry out such plan, (2) the repayment of any loan made by the area from such interest free loan shall be placed by such area in a revolving fund available solely for the making of other loans by the area, upon approval by the Secretary, for the economic redevelopment of the area. Any such interest free loan shall be repaid to the United States by a redevelopment area whenever such area has its designation as a redevelopment area terminated or modified under section 402 of this Act. This section shall not apply to any redevelopment area whose designation as a redevelopment area would be terminated or modified under section 402 of this Act except for the provisions of section 2 of the Act entitled "An Act to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for title I through IV through fiscal year 1971", approved July 6, 1970 (P.L. 91-304).

【(b)(1) Each eligible recipient which receives assistance under this section shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this section in meeting the need it was designed to alleviate and the purposes of this section.

【(2) The Secretary shall include in the annual report pursuant to section 707 of this Act a consolidated report with his recommendations, if any, on the assistance authorized under this section, in a form which he deems appropriate.

【(c) There is authorized to be appropriated to carry out this section not to exceed \$125,000,000 per fiscal year for the fiscal years ending September 30, 1977, and September 30, 1979, September 30, 1980, and September 30, 1981.

**[TITLE III—TECHNICAL ASSISTANCE, RESEARCH, AND
INFORMATION**

[SEC. 301. [42 U.S.C. 3151] (a) In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include project planning and feasibility studies, management and operational assistance, and studies evaluating the needs of, and development potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff, through the payment of funds authorized for this section to other departments or agencies of the Federal Government, through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grants-in-aid to appropriate public or private nonprofit State, area, district, or local organizations. The Secretary, in his discretion, may require the repayment of assistance provided under this subsection and prescribe the terms and conditions of such repayment.

[(b)] The Secretary is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of organizations which he determines to be qualified to receive grants-in-aid under subsection (a) hereof, except that in the case of a grant under this subsection to an Indian tribe the Secretary is authorized to defray up to 100 per centum of such expenses. In determining the amount of the non-Federal share of such costs or expenses, the Secretary shall give due consideration to all contributions both in cash and in kind, fairly evaluated, including but not limited to space, equipment, and services. Where practicable grants-in-aid authorized under this subsection shall be used in conjunction with other available planning grants, such as urban planning grants, authorized under the Housing Act of 1954, as amended, and highway planning and research grants authorized under the Federal-aid Highway Act of 1962, to assure adequate and effective planning and economical use of funds.

[(c)] To assist in the long-range accomplishment of the purposes of this Act, the Secretary, in cooperation with other agencies having similar functions, shall establish and conduct a continuing program of study, training, and research to (A) assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas and regions of the Nation, (B) assist in the formulation and implementation of national, State, and local programs which will raise income levels and otherwise produce solutions to the problems resulting from these conditions, and (C) assist in providing the personnel needs to conduct such programs. The program of study, training, and research may be conducted by the Secretary through members of his staff, through payment of funds authorized for this section to other departments or agencies of the Federal Government, or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such

purposes, or through grants to such individuals, organizations, or institutions, or through conferences, and similar meetings organized for such purposes. The Secretary shall make available to interested individuals and organizations the results of such research. The Secretary shall include in his annual report under section 707 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendations for legislative and other action.

[(d) The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary may furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

[(e) The Secretary shall establish an independent study board consisting of governmental and on governmental experts to investigate the effects of Government procurement, scientific, technical, and other related policies, upon regional economic development. Any Federal officer or employee may, with the consent of the head of the department or agency in which he is employed, serve as a member of such board, but shall receive no additional compensation for such service. Other members of such board may be compensated in accordance with the provisions of section 701(10). The board shall report its findings, together with recommendations for the better coordination of such policies, to the Secretary, who shall transmit the report to the Congress not later than two years after the enactment of this Act.

[(f) The Secretary is authorized to make grants, enter into contracts or otherwise provide funds for any demonstration project within a redevelopment area or areas which he determines is designed to foster regional productivity and growth, prevent out migration, and otherwise carry out the purposes of this Act.

[SEC. 302. [42 U.S.C. 3151a] (a) The Secretary is authorized, upon application of any State, or city, or other political subdivision of a State, or sub-State planning and development organization (including a redevelopment area or an economic development district), to make direct grants to such State, city, or other political subdivision, or organization to pay up to 80 per centum of the cost for economic development planning. The planning for cities, other political subdivisions, and sub-State planning and development organizations (including redevelopment areas and economic development districts) assisted under this section shall include systematic efforts to reduce unemployment and increase incomes. Such planning shall be a continuous process involving public officials and private citizens in analyzing local economics, defining development goals, determining project opportunities, and formulating and implementing a development program. Any overall State economic development

plan prepared with assistance under this section shall be prepared cooperatively by the State, its political subdivisions, and the economic development districts located in whole or in part within such State. Upon completion of any such plan, the State shall certify to the Secretary (1) that in the preparation of such State plan, the local and economic development district plans were considered and, to the fullest extent possible, such State plan is consistent with such local and economic development district plans, and (2) that such State plan is consistent, with such local and economic development district plans, or, if such State plan is not consistent with such local and economic development district plans, all of the inconsistencies of the State plan with the local and economic development district plans, and the justification for each of these inconsistencies. Any overall State economic development planning shall be a part of a comprehensive planning process that shall consider the provision of public works to stimulate and channel development, economic opportunities and choices for individuals; to support sound land use, to enhance and protect the environment including the conservation and preservation of open spaces and environmental quality, to provide public services, and to balance physical and human resources through the management and control of physical development. The assistance available under this section may be provided in addition to assistance available under section 301(b) of this Act but shall not supplant such assistance and shall be available to develop an annual inventory of specific recommendations for assistance under section 304 of this Act. Each State receiving assistance under this subsection shall submit to the Secretary an annual report on the planning process assisted under this subsection.

[(b) In addition, the Secretary is authorized to assist economic development districts in—

[(1) providing technical assistance (other than by grant) to local governments within the district; and

[(2) carrying out any review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968, if such district has been designated as the agency to conduct such review.

[(c) The planning assistance authorized under this title shall be used in accordance with the review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968 and shall be used in conjunction with any other available Federal planning assistance to assure adequate and effective planning and economical use of funds.

[SEC. 303. [42 U.S.C. 3152] (a) There is hereby authorized to be appropriated \$25,000,000 annually for the purposes of Sections 301 and 302 of this Act, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1969, \$50,000,000 per fiscal year for the fiscal years ending June 30, 1970, June 30, 1971, June 30, 1972, and June 30, 1973, and \$35,000,000 for the fiscal year ending June 30, 1974 and \$75,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976, \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30,

1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed \$35,500,000 for the fiscal year ending September 30, 1982.

[(b) Not to exceed \$15,000,000 in each of the fiscal years ending June 30, 1975, and June 30, 1976. September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982, of the sums authorized to be appropriated under subsection (a) of this section, shall be available to make grants to States.

[SUPPLEMENTAL AND BASIC GRANTS

[SEC. 304. [42 U.S.C. 3153] (a) There are hereby authorized to be appropriated \$35,000,000 for the fiscal year ending June 30, 1975, and \$75,000,000 for the fiscal year ending June 30, 1976, \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal year ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, for apportionment by the Secretary among the States for the purpose of supplementing or making grants and loans authorized under titles I, II, III (other than planning grants authorized under sections 301(b) and 302), IV, and IX of this Act. Such funds shall be apportioned among the States in the ratio which all grants made under title I of this Act since August 26, 1965, in each State bear to the total of all such grants made in all the States since August 26, 1965.

[(b) Funds apportioned to a State pursuant to subsection (a) shall be available for supplementing or making such grants or loans if the State makes a contribution of at least 25 per centum of the amount of such grant or loan in each case. Funds apportioned to a State under subsection (a) shall remain available to such State until obligated or expended by it.

[(c) Funds apportioned to a State pursuant to this section may be used by the Governor in supplementing grants or loans with respect to any project or assistance authorized under title I, II, III (other than planning grants authorized under sections 301(b) and 302), IV, or IX of this Act, and approved by the Secretary after July 1, 1974. Such grants may be used to reduce or waive the non-Federal share otherwise required by this Act, subject to the requirements of subsection (b) of this section.

[(d) In the case of any grant or loan for which all or any portion of the basic Federal contribution to the project under this Act is proposed to be made with funds available under this section, no such Federal contribution shall be made until the Secretary of Commerce certifies that such project meets all of the requirements of this Act and could be approved for Federal contributions under this Act if funds were available under this Act (other than section 509) for such project. Funds may be provided for projects in a State under this section only if the Secretary determines that the level of Federal and State financial assistance under this Act (other than section 509) and under Acts other than this Act, for the same type of projects in the State, will not be diminished in order to substitute funds authorized by this section.

[(e) After June 30, 1975, funds apportioned to a State pursuant to this section shall be used by the Governor in a manner which is consistent with the State planning process assisted under section 302 of this Act, if such planning process has been established in such State.

[TITLE IV—AREA AND DISTRICT ELIGIBILITY

[PART A—REDEVELOPMENT AREAS

[AREA ELIGIBILITY

[SEC. 401. [42 U.S.C. 3161] (a) The Secretary shall designate as “redevelopment areas”—

[(1) those areas in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (A) and (B), that there has existed substantial and persistent unemployment for an extended period of time and those areas in which he determines there has been a substantial loss of population due to lack of employment opportunity. There shall be included among the areas so designated any area—

[(A) where the Secretary of Labor finds that the current rate of unemployment, as determined by appropriate annual statistics for the most recent twelve consecutive months, is 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (B); and

[(B) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

[(i) 50 per centum above the national average for three of the preceding four calendar years, or

[(ii) 75 per centum above the national average for two of the preceding three calendar years, or

[(iii) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection;

[(2) those additional areas which have a median family income not in excess of 50 per centum of the national median, as determined by the most recent available statistics for such areas;

[(3) those additional Federal or State Indian reservations or trust or restricted Indian-owned land areas which the Secretary, after consultation with the Secretary of the Interior or an appropriate State agency, determines manifest the greatest degree of economic distress on the basis of unemployment and income statistics and other appropriate evidence of economic underdevelopment; *Provided, however,* That uninhabited Federal or State Indian reservations or trust or restricted Indian-owned land areas may be designated where such designation would permit assistance to Indian tribes, with a direct beneficial effect on the economic well-being of Indians;

[(4) upon request of such areas, those additional areas in which the Secretary determines that the loss, removal, curtail-

ment, or closing of a major source of employment has caused within three years prior to, or threatens to cause within three years after, the date of the request an unusual and abrupt rise in unemployment of such magnitude that the unemployment rate for the area at the time of the request exceeds the national average, or can reasonably be expected to exceed the national average, by 50 per centum or more unless assistance is provided. Notwithstanding any provision of subsection 401(b) to the contrary, an area designated under the authority of this paragraph may be given a reasonable time after designation in which to submit the overall economic development program required by subsection 202(b)(10) of this Act;

[(5) notwithstanding any provision of this section to the contrary, those additional areas which were designated redevelopment areas under the Area Redevelopment Act on or after March 1, 1965; *Provided, however,* That the continued eligibility of such areas after the first annual review of eligibility conducted in accordance with section 402 of this Act shall be dependent on their qualification for designation under the standards of economic need set forth in subsections (a)(1) through (a)(4) of this section;

[(6) those communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) which the Secretary determines have one of the following conditions:

[(A) a large concentration of low-income persons;

[(B) rural areas having substantial outmigration;

[(C) substantial unemployment; or

[(D) an actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of employment.

No redevelopment area established under this paragraph shall be subject to the requirements of subparagraphs (A) and (C) of paragraph (1) of subsection (a) of section 101 of this Act. No redevelopment area established under this paragraph shall be eligible to meet the requirements of section 403(a)(1)(B) of this Act;

[(7) those areas where per capita employment has declined significantly during the next preceding ten-year period for which appropriate statistics are available;

[(8) those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, to have experienced unemployment which is both substantial and above the national average for the preceding twenty-four months;

[(9) those areas which the Secretary determines have demonstrated long-term economic deterioration.

(b) The size and boundaries of redevelopment areas shall be as determined by the Secretary: *Provided, however,* That—

[(1) no area shall be designated until it has an approved overall economic development program in accordance with subsection 202(b)(10) of this Act;

[(2) any area which does not submit an acceptable overall economic development program in accordance with subsection 202(b)(10) of this Act within the reasonable time after notifica-

tion of eligibility for designation, shall not thereafter be designated prior to the next annual review of eligibility in accordance with section 402 of this Act;

[(3) no area shall be designated which does not have a population of at least one thousand five hundred persons, except that this limitation shall not apply to any area designated under section 401 (a)(3) or (a)(6); and.

[(4) except for areas designated under subsections (a)(3), (a)(4) and (a)(6) hereof, no area shall be designated which is smaller than a "labor area" (as defined by the Secretary of Labor), a country, or municipality with a population of over twenty-five thousand, whichever in the opinion of the Secretary is appropriate. Nothing in this subsection shall prevent any municipality, designated as a redevelopment area or eligible to be designated as a redevelopment area, from combining with any other community having mutual economic interests and transportation and marketing patterns for the purposes of such designation.

[(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

[(d) If a State has no area designated under the preceding subsections of this section as a redevelopment area, the Secretary shall designate as a redevelopment area that area in such State which in his opinion most nearly qualifies under such preceding subsections. An area so designated shall have its eligibility terminated in accordance with the provisions of section 402 if any other area within the same State subsequently has become qualified or been designated under any other subsection of this section other than subsection (a)(6) as of the time of the annual review prescribed by section 402: *Provided*, That the Secretary shall not terminate any designation of an area in a State as a redevelopment area if to do so would result in such State having no redevelopment area.

[(e) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

[ANNUAL REVIEW OF AREA ELIGIBILITY]

[SEC. 402. [42 U.S.C. 3162] The Secretary shall conduct an annual review of all areas designated in accordance with section 401 of this Act, and on the basis of such reviews shall terminate or modify such designation whenever such an area no longer satisfies the designation requirements of section 401, but in no event shall such designation of an area be terminated prior to the expiration of the third year after the date such area was so designated. No area previously designated shall retain its designated status unless it maintains a currently approved overall economic development

program in accordance with subsection 202(b)(10). No termination of eligibility shall (1) be made without thirty days' prior notification to the area concerned, (2) affect the validity of any application filed, or contract or undertaking entered into, with respect to such area pursuant to this Act prior to such termination, (3) prevent any such area from again being designated a redevelopment area under section 401 of this Act if the Secretary determines it to be eligible under such section, or (4) be made in the case of any designated area where the Secretary determines that an improvement in the unemployment rate of a designated area is primarily the result of increased employment in occupations not likely to be permanent. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the classification of any area.

【PART B—ECONOMIC DEVELOPMENT DISTRICTS

【SEC. 403. [42 U.S.C. 3171] (a) In order that economic development projects of broader geographic significance may be planned and carried out, the Secretary is authorized—

【(1) to designate appropriate “economic development districts” within the United States with the concurrence of the States in which such districts will be wholly or partially located, if—

【(A) the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single redevelopment area;

【(B) the proposed district contains at least one redevelopment area;

【(C) the proposed district contains one or more redevelopment areas or economic development centers identified in an approved district overall economic development program as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the redevelopment areas within the district; and

【(D) the proposed district has a district overall economic development program which includes adequate land use and transportation planning and contains a specific program for district cooperation, self-help, and public investment and is approved by the State or States affected and by the Secretary;

【(2) to designate as “economic development centers,” in accordance with such regulations as he shall prescribe, such areas as he may deem appropriate, if—

【(A) the proposed center has been identified and included in an approved district overall economic development program and recommended by the State or States affected for such special designation:

【(B) the proposed center is geographically and economically so related to the district that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the redevelopment areas of the district; and

[(C) the proposed center does not have a population in excess of two hundred and fifty thousand according to the last preceding Federal census.

[(3) to provide financial assistance in accordance with the criteria of sections 101, 201, and 202 of this Act, except as may be herein otherwise provided, for projects in economic development centers designed under subsection (a)(2) above, if—

[(A) the project will further the objectives of the overall economic development program of the district in which it is to be located;

[(B) the project will enhance the economic growth potential of the district or result in additional long-term employment opportunities commensurate with the amount of Federal financial assistance requested; and

[(C) the amount of Federal financial assistance requested is reasonably related to the size, population, and economic needs of the district;

[(4) subject to the 20 per centum non-Federal share required for any project by subsection 101(c) of this Act, to increase the amount of grant assistance authorized by section 101 for projects within redevelopment areas (designated under section 401), by an amount not to exceed 10 per centum of the aggregate cost of any such project, in accordance with such regulations as he shall prescribe if—

[(A) the redevelopment area is situated within a designated economic development district and is actively participating in the economic development activities of the district; and

[(B) the project is consistent with an approved district overall economic development program.

[(b) In designating economic development districts and approving district overall economic development programs under subsection (a) of this section, the Secretary is authorized, under regulations prescribed by him—

[(1) to invite the several States to draw up proposed district boundaries and to identify potential economic development centers;

[(2) to cooperate with the several States—

[(A) in sponsoring and assisting district economic planning and development groups, and

[(B) in assisting such district groups to formulate district overall economic development programs;

[(3) to encourage participation by appropriate local governmental authorities in such economic development districts.

[(c) The Secretary shall by regulation prescribe standards for the termination or modification of economic development districts and economic development centers designated under the authority of this section.

[(d) As used in this Act, the term “economic development district” refers to any area within the United States composed of cooperating redevelopment areas and, where appropriate, designated economic development centers and neighboring counties or communities, which has been designated by the Secretary as an economic development district.

[(e) As used in this Act, the term “economic development center” refers to any area within the United States which has been identified as an economic development center in an approved district overall economic development program and which has been designated by the Secretary as eligible for financial assistance under sections 101, 201, and 202 of this Act in accordance with the provisions of this section.

[(f) For the purpose of this Act the term “local government” means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

[(g) There is hereby authorized to be appropriated not to exceed \$50,000,000 for the fiscal year ending June 30, 1967, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and not to exceed \$45,000,000 per fiscal year for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, not to exceed \$11,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$45,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, for financial assistance extended under the provisions of subsection (a)(3) and (A)(4) hereof.

[(h) In order to allow time for adequate and careful district planning, subsection (g) of this section shall not be effective until one year from the date of enactment.

[(i) Each economic development district designated by the Secretary under this section shall as soon as practicable after the date of enactment of this section or after its designation provide that a copy of the district overall economic development program be furnished to the appropriate regional commission established under title V of this Act, if any part of such proposed district is within such a region or to the Appalachian Regional Commission established under the Appalachian Regional Development Act of 1965, if any part of such proposed district is within the Appalachian region.

[(j) The Secretary is authorized to provide the financial assistance which is available to a redevelopment area under this Act to those parts of an economic development district which are not within a redevelopment area, when such assistance will be of a substantial direct benefit to a redevelopment area within such district. Such financial assistance shall be provided in the same manner and to the same extent as is provided in this Act for a redevelopment area, except that nothing in this subsection shall be construed to permit such parts to receive the increase in the amount of grant assistance authorized in paragraph (4) of subsection (a) of this section.

[PART C—INDIAN ECONOMIC DEVELOPMENT

[SEC. 404. [42 U.S.C. 3172] In order to assure a minimum Federal commitment to alleviate economic distress of Indians, in addition to their eligibility for assistance with funds authorized under other parts of this Act, there are authorized to be appropriated not to exceed \$25,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976, not to exceed \$6,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and

not to exceed \$25,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, for the purpose of providing assistance under this Act to Indian tribes. Such sums shall be in addition to all other funds made available to Indian tribes under this Act.

[PART D—UNEMPLOYMENT RATE DETERMINATIONS]

[SEC. 405. [42 U.S.C. 3173] Whenever any provision of this Act requires the Secretary of Labor, or the Secretary, to make any determination or other finding relating to the unemployment rate of any area, information regarding such unemployment rate may be furnished either by the Federal Government or by a State. Unemployment rates furnished by a State shall be accepted by the Secretary unless he determines that such rates are inaccurate. The Secretary shall provide technical assistance to State and local governments in the calculation of unemployment rates to insure their validity and standardization.

[TITLE VI—ADMINISTRATION]

[SEC. 601. [42 U.S.C. 3201] (a) The Secretary shall administer this Act and, with the assistance of an Assistant Secretary of Commerce, in addition to those already provided for, shall supervise and direct the Administrator created herein, and coordinate the Federal cochairmen appointed heretofore or subsequent to this Act. The Assistant Secretary created by this section shall be appointed by the President by and with the advice and consent of the Senate. Such Assistant Secretary shall perform such functions as the Secretary may prescribe. There shall be appointed by the President, by and with the advice and consent of the Senate, an Administrator for Economic Development who shall be compensated at the rate provided for level V of the Federal Executive Salary Schedule who shall perform such duties as are assigned by the Secretary.

[(b) Paragraph (12) of subsection (d) of section 303 of the Federal Executive Salary Act of 1964 is amended by striking out “(4)” and inserting in lieu thereof “(5)”.

[(c) Subsection (e) of section 303 of the Federal Executive Salary Act of 1964 is amended by adding at the end thereof the following new paragraph:

[(“100) Administrator for Economic Development.”]

[ADVISORY COMMITTEE ON REGIONAL ECONOMIC DEVELOPMENT]

[SEC. 602. [42 U.S.C. 3202] The Secretary shall appoint a National Public Advisory Committee on Regional Economic Development which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

【CONSULTATION WITH OTHER PERSONS AND AGENCIES

【SEC. 603. [42 U.S.C. 3203] (a) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of area and regional unemployment or underemployment.

【(b) The Secretary may make provisions for such consultation with interested departments and agencies as he may deem appropriate in the performance of the functions vested in him by this Act.

【ADMINISTRATION, OPERATION, AND MAINTENANCE

【SEC. 604. [42 U.S.C. 3204] No Federal assistance shall be approved under this Act unless the Secretary is satisfied that the project for which Federal assistance is granted will be properly and efficiently administered, operated, and maintained.

【TITLE VII—MISCELLANEOUS

【POWERS OF SECRETARY

【SEC. 701. [42 U.S.C. 3211] In performing his duties under this Act, the Secretary is authorized to—

【(1) adopt, alter, and use a seal, which shall be judicially noticed;

【(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable.

【(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

【(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

【(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

【(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and con-

ditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by him in connection with loans made or evidences of indebtedness purchased under this Act;

[(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

[(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 201, 202, 301, 403, and 503 of this Act;

[(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

[(10) employ experts and consultants or organizations therefor as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), compensate individuals so employed at rates not in excess of \$100 per diem, including travel time, and allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5 of such Act (5 U.S.C. 73b-2) for persons in the Government service employed intermittently, while so employed: *Provided, however,* That contracts for such employment may be renewed annually;

[(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to ex-

cept the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

[(12) establish such rules, regulations and procedures as he may deem appropriate in carrying out the provisions of this Act.

【PREVENTION OF UNFAIR COMPETITION

【SEC. 702. [42 U.S.C. 3212] No financial assistance under this Act shall be extended to any project when the result would be to increase the production of goods, materials, or commodities, or the availability of services or facilities, when there is not sufficient demand for such goods, materials, commodities, services, or facilities, to employ the efficient capacity of existing competitive commercial or industrial enterprises.

【SAVINGS PROVISIONS

【SEC. 703. [42 U.S.C. 3213] (a) No suit, action, or other proceedings lawfully commenced by or against the Administrator or any other officer of the Area Redevelopment Administration in his official capacity or in relation to the discharge of his official duties under the Area Redevelopment Act, shall abate by reason of the taking effect of the provisions of this Act, but the court may, on motion or supplemental petition filed at any time within twelve months after such taking effect, showing a necessity for the survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the Secretary or the Administrator or such other officer of the Department of Commerce as may be appropriate.

【(b) Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. All rules, regulations, orders, authorizations, delegations, or other actions duly issued, made, or taken by or pursuant to applicable law, prior to the effective date of this Act, by any agency, officer, or office pertaining to any functions, powers, and duties under the Area Redevelopment Act shall continue in full force and effect after the effective date of this Act until modified or rescinded by the Secretary or such other officer of the Department of Commerce as, in accordance with applicable law, may be appropriate.

【TRANSFER OF FUNCTIONS, EFFECTIVE DATE, AND LIMITATIONS ON ASSISTANCE

【SEC. 704. [42 U.S.C. 3214] (a) The functions, powers, duties, and authorities and the assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records which are vested in or authorized to be transferred to the Secretary of the Treasury under section 29(b) of the Area Redevelopment Act, and all functions, powers, duties, and authorities under section 29(c) of the Area Redevelopment Act are hereby vested in the Secretary.

【(b) The President may designate a person to act as Administrator under this Act until the office is filled as provided in this Act

or until the expiration of the first period of sixty days following the effective date of this Act, which shall first occur. While so acting such person shall receive compensation at the rate provided by this Act for such office.

[(c) The provisions of this Act shall take effect upon enactment unless herein explicitly otherwise provided.

[(d) Notwithstanding any requirements of this Act relating to the eligibility of areas, projects for which applications are pending before the Area Redevelopment Administration on the effective date of this Act shall for a period of one year thereafter be eligible for consideration by the Secretary for such assistance under the provisions of this Act as he may determine to be appropriate.

[(e) No financial assistance authorized under this Act shall be used to finance the cost of facilities for the generation, transmission, or distribution of electrical energy, or to finance the cost of facilities for the production or transmission of gas (natural, manufactured, or mixed), except (1) for projects specifically authorized by Congress, and (2) for local projects for industrial parks and industrial or commercial areas in communities where the electrical energy or gas supply is, or is threatened to be interrupted or curtailed resulting in a loss of jobs, or where the purpose is to save jobs, or create new jobs, on condition that (A) the Secretary finds that project financing is not available from private lenders or other Federal agencies on terms which, in the opinion of the Secretary, will permit accomplishment of the project, and (B) the State or Federal regulatory body regulating such service determines that the facility to be financed will not compete with an existing public utility rendering such a service to the public at rates or charges subject to regulation by such State or Federal regulatory body, or if there is a determination of competition, the State or Federal regulatory body must make a determination that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake. Not more than \$7,000,000 approximated to carry out titles I and II of this Act may be expended annually for such projects.

【SEPARABILITY

【SEC. 705. [42 U.S.C. 3215] Notwithstanding any other evidence of the intent of Congress, it is hereby declared to be the intent of Congress that if any provision of this Act or the application thereof to any persons or circumstances shall be adjudged by any court of competent jurisdiction to be invalid such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances, but shall be confined in its operation to the provision of this Act or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

【APPLICATION OF ACT

【SEC. 706. [42 U.S.C. 3216] As used in this Act, the terms "State", "States", and "United States" include the several States,

the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

【ANNUAL REPORT

【SEC. 707. [42 U.S.C. 3217] The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1966. Such report shall be printed and shall be transmitted to the Congress not later than April 1 of the year following the fiscal year with respect to which such report is made.

【USE OF OTHER FACILITIES

【SEC. 708. [42 U.S.C. 3218] (a) The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

【(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act.

【(c) Funds authorized to be appropriated under this Act may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

【APPROPRIATION

【SEC. 709. [42 U.S.C. 3219] There are hereby authorized to be appropriated such sums as may be necessary to carry out those provisions of the Act for which specific authority for appropriations is not otherwise provided in this Act, except that there are hereby authorized to be appropriated to carry out those provisions of the Act for which specific authority for appropriations is not otherwise provided in this Act not to exceed \$25,000,000 for the fiscal year ending September 30, 1982. Appropriations authorized under this Act shall remain available until expended unless otherwise provided by appropriations Acts.

【PENALTIES

【SEC. 710. [42 U.S.C. 3220] (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 101, 201, or 403 or any extension thereof by renewal, deferment or action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

【(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or oth-

erwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report or statement of or to the Secretary, or without being duly authorized draws any orders of issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action of plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

【EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

【SEC. 711. [42 U.S.C. 3221] No financial assistance shall be extended by the Secretary under section 101, 201, 202, or 403 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

【SEC. 712.】

【RECORD OF APPLICATIONS

【SEC. 713. [42 U.S.C. 3223] The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 101, 201, 202, or 403, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved; (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

【RECORDS AND AUDIT

【SEC. 714. [42 U.S.C. 3224] (a) Each recipient of assistance under this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

【(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this Act.

【CONFORMING AMENDMENT

【SEC. 715. [42 U.S.C. 3225] All benefits heretofore specially made available (and not subsequently revoked) under other Federal programs to persons or to public or private organizations, corporations, or entities in areas designated by the Secretary as “redevelopment areas” under section 5 of the Area Redevelopment Act, are hereby also extended, insofar as practicable, to such areas as may be designated as “redevelopment areas” or “economic development centers” under the authority of section 401 or 403 of this Act: *Provided, however,* That this section shall not be construed as limiting such administrative discretion as may have been conferred under any other law.

【SEC. 716. [42 U.S.C. 3226] All financial and technical assistance authorized under this Act shall be in addition to any Federal assistance previously authorized, and no provision hereof shall be construed as authorizing or permitting any reduction or diminution in the proportional amount of Federal assistance to which any State or other entity eligible under this Act would otherwise be entitled under the provisions of any other Act.】

“SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) *SHORT TITLE.*—This Act may be cited as the “Public Works and Economic Development Act of 1965”

(b) *TABLE OF CONTENTS.*—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings and declarations.

Sec. 3. Definitions.

**TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS
COOPERATION AND COORDINATION**

Sec. 101. Establishment of economic development partnerships.

Sec. 102. Cooperation of Federal agencies.

Sec. 103. Coordination.

TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

- Sec. 201. Grants for public works and economic development.*
- Sec. 202. Base closings and realignments.*
- Sec. 203. Grants for planning and grants for administrative expenses.*
- Sec. 204. Cost sharing.*
- Sec. 205. Supplementary grants.*
- Sec. 206. Regulations on relative needs and allocations.*
- Sec. 207. Grants for training, research, and technical assistance.*
- Sec. 208. Prevention of unfair competition.*
- Sec. 209. Grants for economic adjustment.*
- Sec. 210. Changed project circumstances.*
- Sec. 211. Use of funds in projects constructed under projected cost.*
- Sec. 212. Reports by recipients.*
- Sec. 213. Prohibition on use of funds for attorney's and consultant's fees.*

TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

- Sec. 301. Eligibility of areas.*
- Sec. 302. Comprehensive economic development strategies.*

TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

- Sec. 401. Designation of economic development districts.*
- Sec. 402. Termination or modification of economic development districts.*
- Sec. 403. Incentives.*
- Sec. 404. Provision of comprehensive economic development strategies to Appalachian Regional Commission.*
- Sec. 405. Assistance to parts of economic development districts not in eligible areas.*

TITLE V—ADMINISTRATION

- Sec. 501. Assistant Secretary for Economic Development.*
- Sec. 502. Economic development information clearinghouse.*
- Sec. 503. Consultation with other persons and agencies.*
- Sec. 504. Administration, operation, and maintenance.*
- Sec. 505. Businesses desiring Federal contracts.*
- Sec. 506. Review of university centers.*

TITLE VI—MISCELLANEOUS

- Sec. 601. Powers of Secretary.*
- Sec. 602. Maintenance of standards.*
- Sec. 603. Annual report to Congress.*

- Sec. 604. Delegation of functions and transfer of funds among Federal agencies.*
Sec. 605. Penalties.
Sec. 606. Employment of expeditors and administrative employees.
Sec. 607. Maintenance and public inspection of list of approved applications for financial assistance.
Sec. 608. Records and audits.
Sec. 609. Relationship to assistance under other law.
Sec. 610. Acceptance of certifications by applicants.

TITLE VII—FUNDING

- Sec. 701. General authorization of appropriations.*
Sec. 702. Authorization of appropriations for defense conversion activities.
Sec. 703. Authorization of appropriations for disaster economic recovery activities.

SEC. 2. FINDINGS AND DECLARATIONS.

(a) *FINDINGS.—Congress finds that—*

(1) while the economy of the United States is undergoing a sustained period of economic growth resulting in low unemployment and increasing incomes, there continue to be areas suffering economic distress in the form of high unemployment, low incomes, underemployment, and outmigration as well as areas facing sudden economic dislocations due to industrial restructuring and relocation, defense base closures and procurement cutbacks, certain Federal actions (including environmental requirements that result in the removal of economic activities from a locality), and natural disasters;

(2) as the economy of the United States continues to grow, those distressed areas contain significant human and infrastructure resources that are underused;

(3) expanding international trade and the increasing pace of technological innovation offer both a challenge and an opportunity to the distressed communities of the United States;

(4) while economic development is an inherently local process, the Federal Government should work in partnership with public and private local, regional, and State organizations to ensure that existing resources are not wasted and all Americans have an opportunity to participate in the economic growth of the United States;

(5) in order to avoid wasteful duplication of effort and to limit the burden on distressed communities, Federal, State, and local economic development activities should be better planned and coordinated and Federal program requirements should be simplified and made more consistent;

(6) the goal of Federal economic development activities should be to work in partnership with local, regional, and State public and private organizations to support the development of private sector businesses and jobs in distressed communities; and

(7) *Federal economic development efforts will be more effective if they are coordinated with, and build upon, the trade and technology programs of the United States.*

(b) *DECLARATIONS.—Congress declares that, in order to promote a strong and growing economy throughout the United States—*

(1) assistance under this Act should be made available to both rural and urban distressed communities;

(2) local communities should work in partnership with neighboring communities, the States, and the Federal Government to increase their capacity to develop and implement comprehensive economic development strategies to address existing, or deter impending, economic distress; and

(3) whether suffering from long-term distress or a sudden dislocation, distressed communities should be encouraged to take advantage of the development opportunities afforded by technological innovation and expanding and newly opened global markets.

SEC. 3. DEFINITIONS.

In this Act:

(1) *COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY.—The term “comprehensive economic development strategy” means a comprehensive economic development strategy approved by the Secretary under section 302.*

(2) *DEPARTMENT.—The term “Department” means the Department of Commerce.*

(3) *ECONOMIC DEVELOPMENT DISTRICT.—*

(A) IN GENERAL.—The term “economic development district” means any area in the United States that—

(i) is composed of areas described in section 301(a) and, to the extent appropriate, neighboring counties or communities; and

(ii) has been designated by the Secretary as an economic development district under section 401.

(B) INCLUSION.—The term “economic development district” includes any economic development district designated by the Secretary under section 403 (as in effect on the day before the effective date of the Economic Development Administration Reform Act of 1998).

(4) *ELIGIBLE RECIPIENT.—*

(A) IN GENERAL.—The term “eligible recipient” means—

(i) an area described in section 301(a);

(ii) an economic development district;

(iii) an Indian tribe;

(iv) a State;

(v) a city or other political subdivision of a State or a consortium of political subdivisions;

(vi) an institution of higher education or a consortium of institutions of higher education; or

(vii) a public or private nonprofit organization or association acting in cooperation with officials of a political subdivision of a State.

(B) TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE GRANTS.—In the case of grants under section 207, the term

“eligible recipient” also includes private individuals and for-profit organizations.

(5) *FEDERAL AGENCY.*—The term “Federal agency” means a department, agency, or instrumentality of the United States.

(6) *GRANT.*—The term “grant” includes a cooperative agreement (within the meaning of chapter 63 of title 31, United States Code).

(7) *INDIAN TRIBE.*—The term “Indian tribe” means an Indian or Alaska Native tribe, band, nation, pueblo, village, or community that the Secretary of the Interior recognizes as an Indian tribe under section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 479a–1).

(8) *SECRETARY.*—The term “Secretary” means the Secretary of Commerce.

(9) *STATE.*—The term “State” means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(10) *UNITED STATES.*—The term “United States” means all of the States.

TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS COOPERATION AND COORDINATION

SEC. 101. ESTABLISHMENT OF ECONOMIC DEVELOPMENT PARTNERSHIPS.

(a) *IN GENERAL.*—In providing assistance under this title, the Secretary shall cooperate with States and other entities to ensure that, consistent with national objectives, Federal programs are compatible with and further the objectives of State, regional, and local economic development plans and comprehensive economic development strategies.

(b) *TECHNICAL ASSISTANCE.*—The Secretary may provide such technical assistance to States, political subdivisions of States, sub-State regional organizations (including organizations that cross State boundaries), and multi-State regional organizations as the Secretary determines is appropriate to—

(1) *alleviate economic distress;*

(2) *encourage and support public-private partnerships for the formation and improvement of economic development strategies that sustain and promote economic development across the United States; and*

(3) *promote investment in infrastructure and technological capacity to keep pace with the changing global economy.*

(c) *INTERGOVERNMENTAL REVIEW.*—The Secretary shall promulgate regulations to ensure that appropriate State and local government agencies have been given a reasonable opportunity to review and comment on proposed projects under this title that the Sec-

retary determines may have a significant direct impact on the economy of the area.

(d) **COOPERATION AGREEMENTS.**—

(1) **IN GENERAL.**—The Secretary may enter into a cooperation agreement with any 2 or more adjoining States, or an organization of any 2 or more adjoining States, in support of effective economic development.

(2) **PARTICIPATION.**—Each cooperation agreement shall provide for suitable participation by other governmental and non-governmental entities that are representative of significant interests in and perspectives on economic development in an area.

SEC. 102. COOPERATION OF FEDERAL AGENCIES.

In accordance with applicable laws and subject to the availability of appropriations, each Federal agency shall exercise its powers, duties and functions, and shall cooperate with the Secretary, in such manner as will assist the Secretary in carrying out this title.

SEC. 103. COORDINATION.

The Secretary shall coordinate activities relating to the preparation and implementation of comprehensive economic development strategies under this Act with Federal agencies carrying out other Federal programs, States, economic development districts, and other appropriate planning and development organizations.

TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

SEC. 201. GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT.

(a) **IN GENERAL.**—On the application of an eligible recipient, the Secretary may make grants for—

(1) acquisition or development of land and improvements for use for a public works, public service, or development facility; and

(2) acquisition, design and engineering, construction, rehabilitation, alteration, expansion, or improvement of such a facility, including related machinery and equipment.

(b) **CRITERIA FOR GRANT.**—The Secretary may make a grant under this section only if the Secretary determines that—

(1) the project for which the grant is applied for will, directly or indirectly—

(A) improve the opportunities, in the area where the project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities;

(B) assist in the creation of additional long-term employment opportunities in the area; or

(C) primarily benefit the long-term unemployed and members of low-income families;

(2) the project for which the grant is applied for will fulfill a pressing need of the area, or a part of the area, in which the project is or will be located; and

(3) *the area for which the project is to be carried out has a comprehensive economic development strategy and the project is consistent with the strategy.*

(c) **MAXIMUM ASSISTANCE FOR EACH STATE.**—*Not more than 15 percent of the amounts made available to carry out this section may be expended in any 1 State.*

SEC. 202. BASE CLOSINGS AND REALIGNMENTS.

Notwithstanding any other provision of law, the Secretary may provide to an eligible recipient any assistance available under this title for a project to be carried out on a military or Department of Energy installation that is closed or scheduled for closure or realignment without requiring that the eligible recipient have title to the property or a leasehold interest in the property for any specified term.

SEC. 203. GRANTS FOR PLANNING AND GRANTS FOR ADMINISTRATIVE EXPENSES.

(a) **IN GENERAL.**—*On the application of an eligible recipient, the Secretary may make grants to pay the costs of economic development planning and the administrative expenses of organizations that carry out the planning.*

(b) **PLANNING PROCESS.**—*Planning assisted under this title shall be a continuous process involving public officials and private citizens in—*

- (1) *analyzing local economies;*
- (2) *defining economic development goals;*
- (3) *determining project opportunities; and*
- (4) *formulating and implementing an economic development program that includes systematic efforts to reduce unemployment and increase incomes.*

(c) **USE OF PLANNING ASSISTANCE.**—*Planning assistance under this title shall be used in conjunction with any other available Federal planning assistance to ensure adequate and effective planning and economical use of funds.*

(d) **STATE PLANS.**—

(1) **DEVELOPMENT.**—*Any State plan developed with assistance under this section shall be developed cooperatively by the State, political subdivisions of the State, and the economic development districts located wholly or partially in the State.*

(2) **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY.**—*As a condition of receipt of assistance for a State plan under this subsection, the State shall have or develop a comprehensive economic development strategy.*

(3) **CERTIFICATION TO THE SECRETARY.**—*On completion of a State plan developed with assistance under this section, the State shall—*

- (A) *certify to the Secretary that, in the development of the State plan, local and economic development district plans were considered and, to the maximum extent practicable, the State plan is consistent with the local and economic development district plans; and*

(B) identify any inconsistencies between the State plan and the local and economic development district plans and provide a justification for each inconsistency.

(4) *COMPREHENSIVE PLANNING PROCESS.*—Any overall State economic development planning assisted under this section shall be a part of a comprehensive planning process that shall consider the provision of public works to—

(A) promote economic development and opportunity;

(B) foster effective transportation access;

(C) enhance and protect the environment; and

(D) balance resources through the sound management of physical development.

(5) *REPORT TO SECRETARY.*—Each State that receives assistance for the development of a plan under this subsection shall submit to the Secretary an annual report on the planning process assisted under this subsection.

SEC. 204. COST SHARING.

(a) *FEDERAL SHARE.*—Subject to section 205, the amount of a grant for a project under this title shall not exceed 50 percent of the cost of the project.

(b) *NON-FEDERAL SHARE.*—In determining the amount of the non-Federal share of the cost of a project, the Secretary may provide credit toward the non-Federal share for all contributions both in cash and in-kind, fairly evaluated, including contributions of space, equipment, and services.

SEC. 205. SUPPLEMENTARY GRANTS.

(a) *DEFINITION OF DESIGNATED FEDERAL GRANT PROGRAM.*—In this section, the term “designated Federal grant program” means any Federal grant program that—

(1) provides assistance in the construction or equipping of public works, public service, or development facilities;

(2) the Secretary designates as eligible for an allocation of funds under this section; and

(3) assists projects that are—

(A) eligible for assistance under this title; and

(B) consistent with a comprehensive economic development strategy.

(b) *SUPPLEMENTARY GRANTS.*—

(1) *IN GENERAL.*—On the application of an eligible recipient, the Secretary may make a supplementary grant for a project for which the eligible recipient is eligible but, because of the eligible recipient’s economic situation, for which the eligible recipient cannot provide the required non-Federal share.

(2) *PURPOSES OF GRANTS.*—Supplementary grants under paragraph (1) may be made for purposes that shall include enabling eligible recipients to use—

(A) designated Federal grant programs; and

(B) direct grants authorized under this title.

(c) *REQUIREMENTS APPLICABLE TO SUPPLEMENTARY GRANTS.*—

(1) *AMOUNT OF SUPPLEMENTARY GRANTS.*—Subject to paragraph (4), the amount of a supplementary grant under this title for a project shall not exceed the applicable percentage of the

cost of the project established by regulations promulgated by the Secretary, except that the non-Federal share of the cost of a project (including assumptions of debt) shall not be less than 20 percent.

(2) *FORM OF SUPPLEMENTARY GRANTS.*—In accordance with such regulations as the Secretary may promulgate, the Secretary shall make supplementary grants by increasing the amounts of grants authorized under this title or by the payment of funds made available under this Act to the heads of the Federal agencies responsible for carrying out the applicable Federal programs.

(3) *FEDERAL SHARE LIMITATIONS SPECIFIED IN OTHER LAWS.*—Notwithstanding any requirement as to the amount or source of non-Federal funds that may be applicable to a Federal program, funds provided under this section may be used to increase the Federal share for specific projects under the program that are carried out in areas described in section 301(a) above the Federal share of the cost of the project authorized by the law governing the program.

(4) *LOWER NON-FEDERAL SHARE.*—

(A) *INDIAN TRIBES.*—In the case of a grant to an Indian tribe, the Secretary may reduce the non-Federal share below the percentage specified in paragraph (1) or may waive the non-Federal share.

(B) *CERTAIN STATES, POLITICAL SUBDIVISIONS, AND NONPROFIT ORGANIZATIONS.*—In the case of a grant to a State, or a political subdivision of a State, that the Secretary determines has exhausted its effective taxing and borrowing capacity, or in the case of a grant to a nonprofit organization that the Secretary determines has exhausted its effective borrowing capacity, the Secretary may reduce the non-Federal share below the percentage specified in paragraph (1).

SEC. 206. REGULATIONS ON RELATIVE NEEDS AND ALLOCATIONS.

In promulgating rules, regulations, and procedures for assistance under this title, the Secretary shall ensure that—

(1) the relative needs of eligible areas are given adequate consideration by the Secretary, as determined based on, among other relevant factors—

(A) the severity of the rates of unemployment in the eligible areas and the duration of the unemployment;

(B) the income levels and the extent of underemployment in eligible areas; and

(C) the outmigration of population from eligible areas and the extent to which the outmigration is causing economic injury in the eligible areas; and

(2) allocations of assistance under this title are prioritized to ensure that the level of economic distress of an area, rather than a preference for a geographic area or a specific type of economic distress, is the primary factor in allocating the assistance.

SEC. 207. GRANTS FOR TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.

(a) IN GENERAL.—

(1) GRANTS.—On the application of an eligible recipient, the Secretary may make grants for training, research, and technical assistance, including grants for program evaluation and economic impact analyses, that would be useful in alleviating or preventing conditions of excessive unemployment or underemployment.

(2) TYPES OF ASSISTANCE.—Grants under paragraph (1) may be used for—

- (A) project planning and feasibility studies;*
- (B) demonstrations of innovative activities or strategic economic development investments;*
- (C) management and operational assistance;*
- (D) establishment of university centers;*
- (E) establishment of business outreach centers;*
- (F) studies evaluating the needs of, and development potential for, economic growth of areas that the Secretary determines have substantial need for the assistance; and*
- (G) other activities determined by the Secretary to be appropriate.*

(3) REDUCTION OR WAIVER OF NON-FEDERAL SHARE.—In the case of a project assisted under this section, the Secretary may reduce or waive the non-Federal share, without regard to section 204 or 205, if the Secretary finds that the project is not feasible without, and merits, such a reduction or waiver.

(b) METHODS OF PROVISION OF ASSISTANCE.—In providing research and technical assistance under this section, the Secretary, in addition to making grants under subsection (a), may—

- (1) provide research and technical assistance through officers or employees of the Department;*
- (2) pay funds made available to carry out this section to Federal agencies; or*
- (3) employ private individuals, partnerships, businesses, corporations, or appropriate institutions under contracts entered into for that purpose.*

SEC. 208. PREVENTION OF UNFAIR COMPETITION.

No financial assistance under this Act shall be extended to any project when the result would be to increase the production of goods, materials, or commodities, or the availability of services or facilities, when there is not sufficient demand for such goods, materials, commodities, services, or facilities, to employ the efficient capacity of existing competitive commercial or industrial enterprises.

SEC. 209. GRANTS FOR ECONOMIC ADJUSTMENT.

(a) IN GENERAL.—On the application of an eligible recipient, the Secretary may make grants for development of public facilities, public services, business development (including funding of a revolving loan fund), planning, technical assistance, training, and any other assistance to alleviate long-term economic deterioration and sudden and severe economic dislocation and further the economic adjustment objectives of this title.

(b) *CRITERIA FOR ASSISTANCE.*—The Secretary may provide assistance under this section only if the Secretary determines that—

(1) the project will help the area to meet a special need arising from—

(A) actual or threatened severe unemployment; or

(B) economic adjustment problems resulting from severe changes in economic conditions; and

(2) the area for which a project is to be carried out has a comprehensive economic development strategy and the project is consistent with the strategy, except that this paragraph shall not apply to planning projects.

(c) *PARTICULAR COMMUNITY ASSISTANCE.*—Assistance under this section may include assistance provided for activities identified by communities, the economies of which are injured by—

(1) military base closures or realignments, defense contractor reductions in force, or Department of Energy defense-related funding reductions, for help in diversifying their economies through projects to be carried out on Federal Government installations or elsewhere in the communities;

(2) disasters or emergencies, in areas with respect to which a major disaster or emergency has been declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), for post-disaster economic recovery; or

(3) international trade, for help in economic restructuring of the communities.

(d) *DIRECT EXPENDITURE OR REDISTRIBUTION BY RECIPIENT.*—

(1) *IN GENERAL.*—Subject to paragraph (2), an eligible recipient of a grant under this section may directly expend the grant funds or may redistribute the funds to public and private entities in the form of a grant, loan, loan guarantee, payment to reduce interest on a loan guarantee, or other appropriate assistance.

(2) *LIMITATION.*—Under paragraph (1), an eligible recipient may not provide any grant to a private for-profit entity.

SEC. 210. CHANGED PROJECT CIRCUMSTANCES.

In any case in which a grant (including a supplementary grant described in section 205) has been made by the Secretary under this title (or made under this Act, as in effect on the day before the effective date of the Economic Development Administration Reform Act of 1998) for a project, and, after the grant has been made but before completion of the project, the purpose or scope of the project that was the basis of the grant is modified, the Secretary may approve the use of grant funds for the modified project if the Secretary determines that—

(1) the modified project meets the requirements of this title and is consistent with the comprehensive economic development strategy submitted as part of the application for the grant; and

(2) the modifications are necessary to enhance economic development in the area for which the project is being carried out.

SEC. 211. USE OF FUNDS IN PROJECTS CONSTRUCTED UNDER PROJECTED COST.

In any case in which a grant (including a supplementary grant described in section 205) has been made by the Secretary under this title (or made under this Act, as in effect on the day before the effective date of the Economic Development Administration Reform Act of 1998) for a construction project, and, after the grant has been made but before completion of the project, the cost of the project based on the designs and specifications that was the basis of the grant has decreased because of decreases in costs—

(1) the Secretary may approve the use of the excess funds or a portion of the funds to improve the project; and

(2) any amount of excess funds remaining after application of paragraph (1) shall be deposited in the general fund of the Treasury.

SEC. 212. REPORTS BY RECIPIENTS.

(a) IN GENERAL.—Each recipient of assistance under this title shall submit reports to the Secretary at such intervals and in such manner as the Secretary shall require by regulation, except that no report shall be required to be submitted more than 10 years after the date of closeout of the assistance award.

(b) CONTENTS.—Each report shall contain an evaluation of the effectiveness of the economic assistance provided under this title in meeting the need that the assistance was designed to address and in meeting the objectives of this Act.

SEC. 213. PROHIBITION ON USE OF FUNDS FOR ATTORNEY'S AND CONSULTANT'S FEES.

Assistance made available under this title shall not be used directly or indirectly for an attorney's or consultant's fee incurred in connection with obtaining grants and contracts under this title.

TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

SEC. 301. ELIGIBILITY OF AREAS.

(a) IN GENERAL.—For a project to be eligible for assistance under section 201 or 209, the project shall be located in an area that, on the date of submission of the application, meets 1 or more of the following criteria:

(1) LOW PER CAPITA INCOME.—The area has a per capita income of 80 percent or less of the national average.

(2) UNEMPLOYMENT RATE ABOVE NATIONAL AVERAGE.—The area has an unemployment rate that is, for the most recent 24-month period for which data are available, at least 1 percent greater than the national average unemployment rate.

(3) UNEMPLOYMENT OR ECONOMIC ADJUSTMENT PROBLEMS.—The area is an area that the Secretary determines has experienced or is about to experience a special need arising from actual or threatened severe unemployment or economic adjust-

ment problems resulting from severe short-term or long-term changes in economic conditions.

(b) *POLITICAL BOUNDARIES OF AREAS.*—An area that meets 1 or more of the criteria of subsection (a), including a small area of poverty or high unemployment within a larger community in less economic distress, shall be eligible for assistance under section 201 or 209 without regard to political or other subdivisions or boundaries.

(c) *DOCUMENTATION.*—

(1) *IN GENERAL.*—A determination of eligibility under subsection (a) shall be supported by the most recent Federal data available, or, if no recent Federal data is available, by the most recent data available through the government of the State in which the area is located.

(2) *ACCEPTANCE BY SECRETARY.*—The documentation shall be accepted by the Secretary unless the Secretary determines that the documentation is inaccurate.

(d) *PRIOR DESIGNATIONS.*—Any designation of a redevelopment area made before the effective date of the Economic Development Administration Reform Act of 1998 shall not be effective after that effective date.

SEC. 302. COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES.

(a) *IN GENERAL.*—The Secretary may provide assistance under section 201 or 209 (except for planning assistance under section 209) to an eligible recipient for a project only if the eligible recipient submits to the Secretary, as part of an application for the assistance—

(1) an identification of the economic development problems to be addressed using the assistance;

(2) an identification of the past, present, and projected future economic development investments in the area receiving the assistance and public and private participants and sources of funding for the investments; and

(3)(A) a comprehensive economic development strategy for addressing the economic problems identified under paragraph (1) in a manner that promotes economic development and opportunity, fosters effective transportation access, enhances and protects the environment, and balances resources through sound management of development; and

(B) a description of how the strategy will solve the problems.

(b) *APPROVAL OF COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY.*—The Secretary shall approve a comprehensive economic development strategy that meets the requirements of subsection (a).

(c) *APPROVAL OF OTHER PLAN.*—The Secretary may accept as a comprehensive economic development strategy a satisfactory plan developed under another federally supported program.

TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

SEC. 401. DESIGNATION OF ECONOMIC DEVELOPMENT DISTRICTS.

(a) *IN GENERAL.*—In order that economic development projects of broad geographic significance may be planned and carried out, the Secretary may designate appropriate economic development districts in the United States, with the concurrence of the States in which the districts will be wholly or partially located, if—

(1) the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single area described in section 301(a);

(2) the proposed district contains at least 1 area described in section 301(a); and

(3) the proposed district has a comprehensive economic development strategy that—

(A) contains a specific program for intra-district co-operation, self-help, and public investment; and

(B) is approved by each affected State and by the Secretary.

(b) *AUTHORITIES.*—The Secretary may, under regulations promulgated by the Secretary—

(1) invite the States to determine boundaries for proposed economic development districts;

(2) cooperate with the States—

(A) in sponsoring and assisting district economic planning and economic development groups; and

(B) in assisting the district groups in formulating comprehensive economic development strategies for districts; and

(3) encourage participation by appropriate local government entities in the economic development districts.

SEC. 402. TERMINATION OR MODIFICATION OF ECONOMIC DEVELOPMENT DISTRICTS.

The Secretary shall, by regulation, promulgate standards for the termination or modification of the designation of economic development districts.

SEC. 403. INCENTIVES.

(a) *IN GENERAL.*—Subject to the non-Federal share requirement under section 205(c)(1), the Secretary may increase the amount of grant assistance for a project in an economic development district by an amount that does not exceed 10 percent of the cost of the project, in accordance with such regulations as the Secretary shall promulgate, if—

(1) the project applicant is actively participating in the economic development activities of the district; and

(2) the project is consistent with the comprehensive economic development strategy of the district.

(b) *REVIEW OF INCENTIVE SYSTEM.*—In promulgating regulations under subsection (a), the Secretary shall review the current incentive system to ensure that the system is administered in the most direct and effective manner to achieve active participation by project applicants in the economic development activities of economic development districts.

SEC. 404. PROVISION OF COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES TO APPALACHIAN REGIONAL COMMISSION.

If any part of an economic development district is in the Appalachian region (as defined in section 403 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.)), the economic development district shall ensure that a copy of the comprehensive economic development strategy of the district is provided to the Appalachian Regional Commission established under that Act.

SEC. 405. ASSISTANCE TO PARTS OF ECONOMIC DEVELOPMENT DISTRICTS NOT IN ELIGIBLE AREAS.

Notwithstanding section 301, the Secretary may provide such assistance as is available under this Act for a project in a part of an economic development district that is not in an area described in section 301(a), if the project will be of a substantial direct benefit to an area described in section 301(a) that is located in the district.

TITLE V—ADMINISTRATION

SEC. 501. ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT.

(a) *IN GENERAL.*—The Secretary shall carry out this Act through an Assistant Secretary of Commerce for Economic Development, to be appointed by the President, by and with the advice and consent of the Senate.

(b) *COMPENSATION.*—The Assistant Secretary of Commerce for Economic Development shall be compensated at the rate payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(c) *DUTIES.*—The Assistant Secretary of Commerce for Economic Development shall carry out such duties as the Secretary shall require and shall serve as the administrator of the Economic Development Administration of the Department.

SEC. 502. ECONOMIC DEVELOPMENT INFORMATION CLEARINGHOUSE.

In carrying out this Act, the Secretary shall—

(1) maintain a central information clearinghouse on matters relating to economic development, economic adjustment, disaster recovery, defense conversion, and trade adjustment programs and activities of the Federal and State governments, including political subdivisions of States;

(2) assist potential and actual applicants for economic development, economic adjustment, disaster recovery, defense con-

version, and trade adjustment assistance under Federal, State, and local laws in locating and applying for the assistance; and
 (3) assist areas described in section 301(a) and other areas by providing to interested persons, communities, industries, and businesses in the areas any technical information, market research, or other forms of assistance, information, or advice that would be useful in alleviating or preventing conditions of excessive unemployment or underemployment in the areas.

SEC. 503. CONSULTATION WITH OTHER PERSONS AND AGENCIES.

(a) *CONSULTATION ON PROBLEMS RELATING TO EMPLOYMENT.*—The Secretary may consult with any persons, including representatives of labor, management, agriculture, and government, who can assist in addressing the problems of area and regional unemployment or underemployment.

(b) *CONSULTATION ON ADMINISTRATION OF ACT.*—The Secretary may provide for such consultation with interested Federal agencies as the Secretary determines to be appropriate in the performance of the duties of the Secretary under this Act.

SEC. 504. ADMINISTRATION, OPERATION, AND MAINTENANCE.

The Secretary shall approve Federal assistance under this Act only if the Secretary is satisfied that the project for which Federal assistance is granted will be properly and efficiently administered, operated, and maintained.

SEC. 505. BUSINESSES DESIRING FEDERAL CONTRACTS.

The Secretary may provide the procurement divisions of Federal agencies with a list consisting of—

- (1) the names and addresses of businesses that are located in areas described in section 301(a) and that wish to obtain Federal Government contracts for the provision of supplies or services; and
- (2) the supplies and services that each business provides.

SEC. 506. REVIEW OF UNIVERSITY CENTERS.

(a) *IN GENERAL.*—The Secretary shall conduct a review of each university center that receives grant assistance under this Act to assess the center's performance and contribution toward retention and creation of employment.

(b) *PURPOSE OF REVIEWS.*—The purpose of the reviews under subsection (a) shall be to determine which university centers are performing well and are worthy of continued grant assistance under this Act, and which should not receive continued assistance, so that university centers that have not previously received assistance may receive assistance.

(c) *TIMING OF REVIEWS.*—Reviews under subsection (a) shall be conducted on a continuing basis so that each university center is reviewed within 3 years after the first award of grant assistance to the center after the effective date of the Economic Development Administration Reform Act of 1998, and at least once every 3 years thereafter, so long as the university center receives the assistance.

(d) *CRITERIA.*—The Secretary shall establish criteria for use in conducting reviews under subsection (a), which criteria shall, at a minimum, provide for an assessment of each university center's—

(1) *contribution to providing technical assistance or conducting applied research; and*

(2) *dissemination of the results of the activities of the center assisted under this Act.*

TITLE VI—MISCELLANEOUS

SEC. 601. POWERS OF SECRETARY.

(a) *IN GENERAL.*—In carrying out the duties of the Secretary under this Act, the Secretary may—

(1) *adopt, alter, and use a seal, which shall be judicially noticed;*

(2) *subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such personnel as are necessary to carry out this Act;*

(3) *hold such hearings, sit and act at such times and places, and take such testimony, as the Secretary determines to be appropriate;*

(4) *request directly, from any Federal agency, board, commission, office, or independent establishment, such information, suggestions, estimates, and statistics as the Secretary determines to be necessary to carry out this Act (and each Federal agency, board, commission, office, or independent establishment may provide such information, suggestions, estimates, and statistics directly to the Secretary);*

(5) *consistent with chapter 37 of title 31, United States Code, under regulations promulgated by the Secretary—*

(A) *assign or sell at public or private sale, or otherwise dispose of for cash or credit, in the Secretary's discretion and on such terms and conditions and for such consideration as the Secretary determines to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by the Secretary in connection with assistance provided under this Act; and*

(B) *collect or compromise all obligations assigned to or held by the Secretary in connection with that assistance until such time as the obligations are referred to the Attorney General for suit or collection;*

(6) *deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, on such terms and conditions and for such consideration as the Secretary determines to be reasonable, any real or personal property conveyed to or otherwise acquired by the Secretary in connection with assistance provided under this Act;*

(7) *consistent with chapter 37 of title 31, United States Code, pursue to final collection, by means of compromise or other administrative action, before referral to the Attorney General, all claims against third parties assigned to the Secretary in connection with assistance provided under this Act;*

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), to the extent appropriate in connection with assistance provided under this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in the Secretary, take any action, including the procurement of the services of attorneys by contract, determined by the Secretary to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with assets held in connection with financial assistance provided under this Act;

(10)(A) employ experts and consultants or organizations as authorized by section 3109 of title 5, United States Code, except that contracts for such employment may be renewed annually;

(B) compensate individuals so employed, including compensation for travel time; and

(C) allow individuals so employed, while away from their homes or regular places of business, travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Federal Government service;

(11) establish performance measures for grants and other assistance provided under this Act, and use the performance measures to evaluate the economic impact of economic development assistance programs under this Act, which establishment and use of performance measures shall be provided by the Secretary through—

(A) officers or employees of the Department;

(B) the employment of persons under contracts entered into for such purposes; or

(C) grants to persons, using funds made available to carry out this Act;

(12) conduct environmental reviews and incur necessary expenses to evaluate and monitor the environmental impact of economic development assistance provided and proposed to be provided under this Act, including expenses associated with the representation and defense of the actions of the Secretary relating to the environmental impact of the assistance, using any funds made available to carry out section 207;

(13) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, except that no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or the property of the Secretary; and

(14) establish such rules, regulations, and procedures as the Secretary considers appropriate for carrying out this Act.

(b) **DEFICIENCY JUDGMENTS.**—The authority under subsection (a)(7) to pursue claims shall include the authority to obtain deficiency judgments or otherwise pursue claims relating to mortgages assigned to the Secretary.

(c) **INAPPLICABILITY OF CERTAIN OTHER REQUIREMENTS.**—Section 3709 of the Revised Statutes (41 U.S.C. 5) shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of assistance provided under this Act if the premium for

the insurance or the amount of the services or supplies does not exceed \$1,000.

(d) PROPERTY INTERESTS.—

(1) IN GENERAL.—The powers of the Secretary under this section, relating to property acquired by the Secretary in connection with assistance provided under this Act, shall extend to property interests of the Secretary relating to projects approved under—

(A) this Act;

(B) title I of the Public Works Employment Act of 1976 (42 U.S.C. 6701 et seq.);

(C) title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.); and

(D) the Community Emergency Drought Relief Act of 1977 (42 U.S.C. 5184 note; Public Law 95–31).

(2) RELEASE.—The Secretary may release, in whole or in part, any property interest in connection with a grant after the date that is 20 years after the date on which the grant was awarded.

(e) POWERS OF CONVEYANCE AND EXECUTION.—The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest in such property acquired by the Secretary under this Act may be exercised by the Secretary, or by any officer or agent appointed by the Secretary for that purpose, without the execution of any express delegation of power or power of attorney.

[SEC. 712. [42 U.S.C. 322] PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK]

SEC. 602. MAINTENANCE OF STANDARDS.

All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5). The Secretary shall not extend any financial assistance under [sections 101, 201, 202, 403, 903, and 1003] this Act, for such project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z–15), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

SEC. 603. ANNUAL REPORT TO CONGRESS.

Not later than July 1, 2000, and July 1 of each year thereafter, the Secretary shall submit to Congress a comprehensive and de-

tailed annual report on the activities of the Secretary under this Act during the most recently completed fiscal year.

SEC. 604. DELEGATION OF FUNCTIONS AND TRANSFER OF FUNDS AMONG FEDERAL AGENCIES.

(a) *DELEGATION OF FUNCTIONS TO OTHER FEDERAL AGENCIES.*—*The Secretary may—*

(1) *delegate to the heads of other Federal agencies such functions, powers, and duties of the Secretary under this Act as the Secretary determines to be appropriate; and*

(2) *authorize the redelegation of the functions, powers, and duties by the heads of the agencies.*

(b) *TRANSFER OF FUNDS TO OTHER FEDERAL AGENCIES.*—*Funds authorized to be appropriated to carry out this Act may be transferred between Federal agencies, if the funds are used for the purposes for which the funds are specifically authorized and appropriated.*

(c) *TRANSFER OF FUNDS FROM OTHER FEDERAL AGENCIES.*—

(1) *IN GENERAL.*—*Subject to paragraph (2), for the purposes of this Act, the Secretary may accept transfers of funds from other Federal agencies if the funds are used for the purposes for which (and in accordance with the terms under which) the funds are specifically authorized and appropriated.*

(2) *USE OF FUNDS.*—*The transferred funds—*

(A) *shall remain available until expended; and*

(B) *may, to the extent necessary to carry out this Act, be transferred to and merged by the Secretary with the appropriations for salaries and expenses.*

SEC. 605. PENALTIES.

(a) *FALSE STATEMENTS; SECURITY OVERVALUATION.*—*A person that makes any statement that the person knows to be false, or willfully overvalues any security, for the purpose of—*

(1) *obtaining for the person or for any applicant any financial assistance under this Act or any extension of the assistance by renewal, deferment, or action, or by any other means, or the acceptance, release, or substitution of security for the assistance;*

(2) *influencing in any manner the action of the Secretary;*
or

(3) *obtaining money, property, or any thing of value, under this Act;*

shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both.

(b) *EMBEZZLEMENT AND FRAUD-RELATED CRIMES.*—*A person that is connected in any capacity with the Secretary in the administration of this Act and that—*

(1) *embezzles, abstracts, purloins, or willfully misapplies any funds, securities, or other thing of value, that is pledged or otherwise entrusted to the person;*

(2) *with intent to defraud the Secretary or any other person or entity, or to deceive any officer, auditor, or examiner—*

(A) *makes any false entry in any book, report, or statement of or to the Secretary; or*

(B) without being duly authorized, draws any order or issue, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof;

(3) with intent to defraud, participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary; or

(4) gives any unauthorized information concerning any future action or plan of the Secretary that might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary;

shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both.

SEC. 606. EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES.

Assistance shall not be provided by the Secretary under this Act to any business unless the owners, partners, or officers of the business—

(1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of the business for the purpose of expediting applications made to the Secretary for assistance of any kind, under this Act, and the fees paid or to be paid to the person for expediting the applications; and

(2) execute an agreement binding the business, for the 2-year period beginning on the date on which the assistance is provided by the Secretary to the business, to refrain from employing, offering any office or employment to, or retaining for professional services, any person who, on the date on which the assistance or any part of the assistance was provided, or within the 1-year period ending on that date—

(A) served as an officer, attorney, agent, or employee of the Department; and

(B) occupied a position or engaged in activities that the Secretary determines involved discretion with respect to the granting of assistance under this Act.

SEC. 607. MAINTENANCE AND PUBLIC INSPECTION OF LIST OF APPROVED APPLICATIONS FOR FINANCIAL ASSISTANCE.

(a) *IN GENERAL.*—The Secretary shall—

(1) maintain as a permanent part of the records of the Department a list of applications approved for financial assistance under this Act; and

(2) make the list available for public inspection during the regular business hours of the Department.

(b) *ADDITIONS TO LIST.*—The following information shall be added to the list maintained under subsection (a) as soon as an application described in subsection (a)(1) is approved:

(1) *The name of the applicant and, in the case of a corporate application, the name of each officer and director of the corporation.*

(2) *The amount and duration of the financial assistance for which application is made.*

(3) *The purposes for which the proceeds of the financial assistance are to be used.*

SEC. 608. RECORDS AND AUDITS.

(a) *RECORDKEEPING AND DISCLOSURE REQUIREMENTS.—Each recipient of assistance under this Act shall keep such records as the Secretary shall require, including records that fully disclose—*

(1) the amount and the disposition by the recipient of the proceeds of the assistance;

(2) the total cost of the project in connection with which the assistance is given or used;

(3) the amount and nature of the portion of the cost of the project provided by other sources; and

(4) such other records as will facilitate an effective audit.

(b) *ACCESS TO BOOKS FOR EXAMINATION AND AUDIT.—The Secretary, the Inspector General of the Department, and the Comptroller General of the United States, or any duly authorized representative, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that relate to assistance received under this Act.*

SEC. 609. RELATIONSHIP TO ASSISTANCE UNDER OTHER LAW.

(a) *PREVIOUSLY AUTHORIZED ASSISTANCE.—Except as otherwise provided in this Act, all financial and technical assistance authorized under this Act shall be in addition to any Federal assistance authorized before the effective date of the Economic Development Administration Reform Act of 1998.*

(b) *ASSISTANCE UNDER OTHER ACTS.—Nothing in this Act authorizes or permits any reduction in the amount of Federal assistance that any State or other entity eligible under this Act is entitled to receive under any other Act.*

SEC. 610. ACCEPTANCE OF CERTIFICATIONS BY APPLICANTS.

Under terms and conditions determined by the Secretary, the Secretary may accept the certifications of an applicant for assistance under this Act that the applicant meets the requirements of this Act.

TITLE VII—FUNDING

SEC. 701. GENERAL AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this Act \$397,969,000 for fiscal year 1999, \$338,379,000 for fiscal year 2000, \$306,000,000 for fiscal year 2001, \$277,000,000 for fiscal year 2002, and \$277,000,000 for fiscal year 2003, to remain available until expended.

SEC. 702. AUTHORIZATION OF APPROPRIATIONS FOR DEFENSE CONVERSION ACTIVITIES.

(a) *IN GENERAL.*—In addition to amounts made available under section 701, there are authorized to be appropriated such sums as are necessary to carry out section 209(c)(1), to remain available until expended.

(b) *PILOT PROJECTS.*—Funds made available under subsection (a) may be used for activities including pilot projects for privatization of, and economic development activities for, closed or realigned military or Department of Energy installations.

SEC. 703. AUTHORIZATION OF APPROPRIATIONS FOR DISASTER ECONOMIC RECOVERY ACTIVITIES.

(a) *IN GENERAL.*—In addition to amounts made available under section 701, there are authorized to be appropriated such sums as are necessary to carry out section 209(c)(2), to remain available until expended.

(b) *FEDERAL SHARE.*—The Federal share of the cost of activities funded with amounts made available under subsection (a) shall be up to 100 percent.

[TITLE VIII—ECONOMIC RECOVERY FOR DISASTER AREAS

[PURPOSE OF TITLE

[SEC. 801. [42 U.S.C. 3231] (a) It is the purpose of this title to provide assistance for the economic recovery, after the period of emergency aid and replacement of essential facilities and services, of any major disaster area which has suffered a dislocation of its economy of sufficient severity to require (1) assistance in planning for development to replace that lost in the major disaster; (2) continued coordination of assistance available under Federal-aid programs; and (3) continued assistance toward the restoration of the employment base.

[(b) As used in this title, the term “major disaster” means a major disaster declared by the President in accordance with the Disaster Relief and Emergency Assistance Act.

[DISASTER RECOVERY PLANNING

[SEC. 802. [42 U.S.C. 3232] (a)(1) In the case of any area affected by a major disaster the Governor may request the President for assistance under this title. The Governor, within thirty days after authorization of such assistance by the President, shall designate a Recovery Planning Council for such area or for each part thereof.

[(2) Such Recovery Planning Council shall be composed of not less than five members, a majority of whom shall be local elected officials of political subdivisions within the affected areas, at least one representative of the State, and a representative of the Federal Government appointed by the President in accordance with paragraph (3) of this subsection. During the major disaster, the Federal coordinating officer shall also serve on the Recovery Planning Council.

[(3) The Federal representative on such Recovery Planning Council may be the Chairman of the Federal Regional Council for the affected area, or a member of the Federal Regional Council designated by the Chairman of such Regional Council. The Federal representative on such Recovery Planning Council may be the Federal Cochairman of the Regional Commission established pursuant to title V of this Act, or the Appalachian Regional Development Act of 1965, or his designee, where all of the area affected by a major disaster is within the boundaries of such Commission.

[(4) The Governor may designate an existing multijurisdictional organization as the Recovery Planning Council where such organization complies with paragraph (2) of this subsection with the addition of State and Federal representatives except that if all or part of an area affected by a major disaster is within the jurisdiction of an existing multijurisdictional organization established under title VI of this Act or title III of the Appalachian Regional Development Act of 1965, such organization, with the addition of State and Federal representatives in accordance with paragraph (2) of this subsection, shall be designated by the Governor as the Recovery Planning Council. In any case in which such title III or IV organizations is designated as the Recovery Planning Council under this paragraph, some local elected officials of political subdivisions within the affected areas must be appointed to serve on such Recovery Planning Council. Where possible, the organization designated as the Recovery Planning Council shall be or shall be subsequently designated as the appropriate agency required by section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3334) and by the Intergovernmental Cooperation Act of 1968 (Public Law 90-577; 82 Stat. 1098).

[(5) The Recovery Planning Council shall include private citizens as members to the extent feasible, and shall provide for and encourage public participation in its deliberations and decisions.

[(b) The Recovery Planning Council (1) shall review existing plans for the affected area; and (2) may recommend to the Governor and responsible local governments such revisions as it determines necessary for the economic recovery of the area, including the development of new plans and the preparation of a recovery investment plan for the 5-year period following the declaration of the major disaster. The Recovery Planning Council shall accept as one element of the recovery investment plans determinations made under section 406(c) of the Disaster Relief and Emergency Assistance Act.

[(c)(1) A recovery investment plan prepared by a Recovery Planning Council may recommend the revision, deletion, reprogramming, or additional approval of Federal-aid projects and programs within the area—

[(A) for which application has been made but approval not yet granted;

[(B) for which funds have been obligated or approval granted but construction not yet begun;

[(C) for which funds have been or are scheduled to be apportioned within the five years after the declaration of the disaster;

[(D) which may otherwise be available to the area under any State schedule or revised State schedule of priorities; or

[(E) which may reasonably be anticipated as becoming available under existing programs.

[(2) Upon the recommendation of the Recovery Planning Council and the request for the Governor, any funds for projects or programs identified pursuant to paragraph (1) of this subsection may, to any extent consistent with appropriation Acts, be placed in reserve by the responsible Federal agency for use in accordance with such recommendations. Upon the request of the Governor and with the concurrence of affected local governments, such funds may be transferred to the Recovery Planning Council to be expended in the implementation of the recovery investment plan, except that no such transfer may be made unless such expenditure is for a project or program for which such funds originally were made available by an appropriation Act.

[PUBLIC WORKS AND DEVELOPMENT FACILITIES GRANTS AND LOANS

[SEC. 803. [42 U.S.C. 3233] (a) The President is authorized to provide funds to any Recovery Planning Council for the implementation of a recovery investment plan by public bodies. Such funds may be used—

[(1) to make loans for the acquisition or development of land and improvements for public works, public service, or development facility usage, including the acquisition or development of parks or open spaces, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, and

[(2) to make supplementary grants to increase the Federal share for projects for which funds are reserved pursuant to subsection (c)(2) of section 802 of this Act, or other Federal-aid projects in the affected area.

[(b) Grants and loans under this section may be made to any State, local government, or private or public nonprofit organization representing any area or part thereof affected by a major disaster.

[(c) No supplementary grant shall increase the Federal share of the cost of any project to greater than 90 per centum, except in the case of a grant for the benefit of Indians or Alaska Natives, or in the case of any State or local government which the President determines has exhausted its effective taxing and borrowing capacity.

[(d) Loans under this section shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum per annum.

[(e) Financial assistance under this title shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts therefore customarily performed by them. Such limitations shall not be construed to prohibit assistance for

the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary of Commerce finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

【LOAN GUARANTEES

【SEC. 804. [42 U.S.C. 3234] The President is authorized to provide funds to Recovery Planning Councils to guarantee loans made to private borrowers by private lending institutions (1) to aid in financing any project within any area affected by a major disaster for the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage including the construction of new buildings, and rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion or enlargement of existing buildings; and (2) for working capital in connection with projects in areas assisted under paragraph (1), upon application of such institution and upon such terms and conditions as the President may prescribe. No such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

【TECHNICAL ASSISTANCE

【SEC. 805. [42 U.S.C. 3235] (a) In carrying out the purposes of this title the President is authorized to provide technical assistance which would be useful in facilitating economic recovery in areas affected by major disasters. Such assistance shall include project planning and feasibility studies, management and operational assistance, and studies evaluating the needs of, and developing potentialities for, economic recovery of such areas. Such assistance may be provided by the President directly, through the payment of funds authorized for this title to other departments or agencies of the Federal Government, through the employment of private individuals, partnerships, firms, corporations or suitable institutions, under contracts entered into for such purposes, or through grants-in-aid to appropriate public or private non-profit State, area, district, or local organization.

【(b) The President is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of Recovery Planning Councils designated pursuant to section 802 of this Act. In determining the amount of the non-Federal share of such costs or expenses, the President shall give due consideration to all contributions both in cash and in kind, fairly evaluated including but not limited to space, equipment, and services. Where practicable, grants-in-aid authorized under this subsection shall be used in conjunction with other available planning grants, to assure adequate and effective planning and economical use of funds.

**【TITLE IX—SPECIAL ECONOMIC DEVELOPMENT AND
ADJUSTMENT ASSISTANCE**

【purpose

【SEC. 901. [42 U.S.C. 3241] It is the purpose of this title to provide special economic development and adjustment assistance programs to help State and local areas meet special needs arising from actual or threatened severe unemployment arising from economic dislocation, including unemployment arising from actions of the Federal Government and from compliance with environmental requirements which remove economic activities from a locality, and economic adjustment problems resulting from severe changes in economic conditions (including long-term economic deterioration), and to encourage cooperative intergovernmental action to prevent or solve economic adjustment problems. Nothing in this title is intended to replace the efforts of the economic adjustment program of the Department of Defense.

【DEFINITION

【SEC. 902. [42 U.S.C. 3242] As used in this title, the term “eligible recipient” means a redevelopment area or economic development district established under title IV of this Act, an Indian tribe, a State, a city or other political subdivision of a State, or consortium of such political subdivisions.

【GRANTS BY SECRETARY

【SEC. 903. [42 U.S.C. 3243] (a)(1) The Secretary is authorized to make grants directly to any eligible recipient in an area (A) which the Secretary has determined has experienced, or may reasonably be foreseen to be about to experience, a special need to meet an expected rise in unemployment, or other economic adjustment problems (including those caused by any action or decision of the Federal Government), or (B) which the Secretary determines has demonstrated long-term economic deterioration, to carry out or develop a plan which meets the requirements of subsection (b) of this section and which is approved by the Secretary, to use such grants for any of the following: public facilities, public services, business development, planning, unemployment compensation (in accordance with subsection (d) of this section), rent supplements, mortgage payment assistance, research, technical assistance, training, relocation of individuals and businesses, and other assistance which demonstrably furthers the economic adjustment objectives of this title.

【(2)(A) Such grants may be used in direct expenditures by the eligible recipient or through redistribution by it to public and private entities in grants, loans, loan guarantees, payments to reduce interest on loan guarantees, or other appropriate assistance, but no grant shall be made by an eligible recipient to a private profit-making entity.

【(B) Grants for unemployment compensation shall be made to the State. Grants for any other purpose shall be made to any appropriate eligible recipient capable of carrying out such purpose.

[(b) No plan shall be approved by the Secretary under this section unless such plan shall—

[(1) identify each economic development and adjustment need of the area for which assistance is sought under this title;

[(2) describe each activity planned to meet each such need;

[(3) explain the details of the method of carrying out each such planned activity;

[(4) contain assurances satisfactory to the Secretary that the proceeds from the repayment of loans made by the eligible recipient with funds granted under this title will be used for economic adjustment; and

[(5) be in such form and contain such additional information as the Secretary shall prescribe.

[(c) The Secretary to the extent practicable shall coordinate his activities in requiring plans and making grants and loans under this title with regional commissions, States, economic development districts and other appropriate planning and development organizations.

[(d) In each case in which the Secretary determines a need for assistance under subsection (a) of this section due to an increase in unemployment and makes a grant under this section, the Secretary may transfer funds available for such grant to the Secretary of Labor and the Secretary of Labor is authorized to provide to any individual unemployed as a result of the dislocation for which such grant is made, such assistance as he deems appropriate while the individual is unemployed. Such assistance as the Secretary of labor may provide shall be available to an individual not otherwise disqualified under State law for unemployment compensation benefits, as long as the individual's unemployment caused by the dislocation continues or until the individual is reemployed in a suitable position, but no longer than one year after the unemployment commences. Such assistance for a week of employment shall not exceed the maximum weekly amount authorized under the unemployment compensation law of the State in which the dislocation occurred, and the amount of assistance under this subsection shall be reduced by any amount of unemployment compensation or of private income protection insurance compensation available to such individual for such week of employment. The Secretary of Labor is directed to provide such assistance through agreements with States which, in his judgment, have an adequate system for administering such assistance through existing State agencies.

[REPORTS AND EVALUATION

[SEC. 904. [42 U.S.C. 3244] (a) Each eligible recipient which receives assistance under this title shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this title in meeting the need it was designed to alleviate and the purposes of this title.

[(b) The Secretary shall include in the annual report pursuant to section 707 of this Act a consolidated report with his recommendations, if any, on the assistance authorized under this title, in a form which he deems appropriate.

【AUTHORIZATION OF APPROPRIATIONS

【SEC. 905. [42 U.S.C. 3245] There is authorized to be appropriated to carry out this title not to exceed \$75,000,000 for the fiscal year ending June 30, 1975, and \$100,000,000 for the fiscal year ending June 30, 1976, not to exceed \$25,000,000 for the transition quarter ending September 30, 1976, and not to exceed \$100,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed \$33,000,000 for the fiscal year ending September 30, 1982.

【TITLE X—JOB OPPORTUNITIES PROGRAM

【STATEMENT OF PURPOSE

【SEC. 1001. [42 U.S.C. 3246] It is the purpose of this title to provide emergency financial assistance to stimulate, maintain or expand job creating activities in areas, both urban and rural, which are suffering from unusually high levels of unemployment.

【DEFINITIONS

【SEC. 1002. [42 U.S.C. 3246a] For the purpose of this title the term “eligible area” means any area, which the Secretary of Labor designates as an area which has a rate of unemployment equal to or in excess of 7 per centum for the most recent calendar quarter or any area designated pursuant to section 204(c) of the Comprehensive Employment and Training Act of 1973 which has unemployment equal to or in excess of 7 per centum with special consideration given to areas with unemployment rates above the national average.

【PROGRAM AUTHORIZED

【SEC. 1003. [42 U.S.C. 3246b] (a) To carry out the purposes of this title, the Secretary of Commerce, in accordance with the provisions of this title, is authorized from funds appropriated and made available under section 1007 of this title to provide financial assistance to programs and projects identified through the review process described in section 1004 to expand or accelerate the job creating impact of such programs or projects for unemployed persons in eligible areas. Programs and projects for which funds are made available under this title shall not be approved until the officials of the appropriate units of general government in the affected areas have an adequate opportunity to comment on the specific proposal.

【(b) Whenever funds are made available by the Secretary of Commerce under this title for any program or project, the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such assistance shall, except as otherwise provided in this subsection, administer the law authorizing such assistance in accordance with all applicable provisions of that law, except provisions relating to—

- 【(1) requiring allocation of funds among the States,
- 【(2) limits upon the total amount of such grants for any period, and

[(3) the Federal contribution to any State or local government, whenever the President or head of such department, agency, or instrumentality of the Federal Government determines that any non-Federal contribution cannot reasonably be obtained by the State or local government concerned.

[(c) Where necessary to effectively carry out the purposes of this title, the Secretary of Commerce is authorized to assist eligible areas in making applications for grants under this title.

[(d) Notwithstanding any other provisions of this title, funds allocated by the Secretary of Commerce shall be available only for a program or project which the Secretary identifies and selects pursuant to this subsection, and which can be initiated or implemented promptly and substantially completed within twelve months after allocation is made. In identifying and selecting programs and projects pursuant to this subsection, the Secretary shall (1) give priority to programs and projects which are most effective in creating and maintaining productive employment, including permanent and skilled employment measured as the amount of such direct and indirect employment generated or supported by the additional expenditures of Federal funds under this title, and (2) consider the appropriations of the proposed activity to the number and needs of unemployed persons in the eligible area.

[(e)(1) The Secretary, if the national unemployment rate is equal to or exceeds 7 per centum for the most recent calendar quarter, shall expedite and give priority to grant applications submitted for such areas having unemployment in excess of the national average rate of unemployment for the most recent calendar quarter. Seventy per centum of the funds appropriated pursuant to this title shall be available only for grants in areas as defined in the first sentence of this subsection.

[(2) Not more than 15 per centum of all amounts appropriated to carry out this title shall be available under this title for projects or programs within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be available for such projects or programs.

PROGRAM REVIEW

[SEC. 1004. [42 U.S.C. 3246c] (a) Within forty-five days after any funds are appropriated to the Secretary to carry out the purposes of this title, after the date of enactment of the Public Works and Economic Development Act Amendments of 1976, each department, agency, or instrumentality of the Federal Government, each regional commission established by section 101 of the Appalachian Regional Development Act of 1965 or pursuant to section 502 of this Act, shall (1) complete a review of its budget, plans, and programs and including State, substate, and local development plans filed with such department, agency or commission; (2) evaluate the job creation effectiveness of programs and projects for which funds are proposed to be obligated in the calendar year and additional programs and projects (including new or revised programs and projects submitted under subsection (b) for which funds could be obligated in such year with Federal financial assistance under this title; and (3) submit to the Secretary of Commerce recommenda-

tions for programs and projects which have the greatest potential to stimulate the creation of jobs for unemployed persons in eligible areas. Within forty-five days of the receipt of such recommendations the Secretary of Commerce shall review such recommendations, and after consultation with such department, agency, instrumentality, regional commission, State, or local government make allocations of funds in accordance with section 1003(d) of this title.

[(b) States and political subdivisions in any eligible area may, pursuant to subsection (a), submit to the appropriate department, agency, or instrumentality of the Federal Government (or regional commission) program and project applications for Federal financial assistance provided under this title.

[(c) The Secretary, in reviewing programs and projects recommended for any eligible area shall give priority to programs and projects originally sponsored by States and political subdivisions, including, but not limited to, new or revised programs and projects submitted in accordance with this section.

[RULES AND REGULATIONS

[SEC. 1005. [42 U.S.C. 3246e] The Secretary of Commerce shall prescribe such rules, regulations, and procedures to carry out the provisions of this title as will assure that adequate consideration is given to the relative needs of applicants for assistance in rural eligible areas and the relative needs of applicants for assistance in urban eligible areas and to any equitable distribution of funds authorized under this title between rural and urban eligible applicants unless this would require project grants to be made in areas which do not meet the criteria of this title.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 1006. [42 U.S.C. 3246f] (a) There are hereby authorized to be appropriated to carry out the provisions of this title \$81,250,000 for each calendar quarter of a fiscal year during which the national average unemployment is equal to or exceeds 7 per centum on the average. No further appropriations of funds is authorized under this section if a determination is made that the national average rate of unemployment has receded below an average of 7 per centum for the most recent calendar quarter as determined by the Secretary of Labor.

[(b) Funds authorized by subsection (a) are available for grants by the Secretary when the national average unemployment is equal to or in excess of an average of 7 per centum for the most recent calendar quarter. If the national average unemployment rate recedes below an average of 7 per centum for the most recent calendar quarter, the authority of the Secretary to make grants or obligate funds under this title is terminated. Grants may not be made until the national average unemployment has equalled or exceeded an average of 7 per centum for the most recent calendar quarter.

[(c) Funds authorized to carry out this title shall be in addition to, and not in lieu of, any amounts authorized by other provisions of law.

【TERMINATION DATE

【SEC. 1007. [42 U.S.C. 3246g] Notwithstanding any other provision of this title, no further obligations of funds appropriated under this title shall be made by the Secretary of Commerce after September 30, 1981.

【CONSTRUCTION COSTS

【SEC. 1008. [42 U.S.C. 3246h] No program or project originally approved for funds under an existing program shall be determined to be ineligible for Federal financial assistance under this title solely because of increased construction costs.】

UNITED STATES CODE

TITLE 5—GOVERNMENT ORGANIZATION AND EMPLOYEES

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§ 5316. Positions at level V

Level V of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

* * * * *

【Administrator for Economic Development.】

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